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ABSTRACT

Adult Americans have been participating in formal education and training programs in record numbers in recent years. Yet studies of participation by working Americans in tuition assistance programs have consistently revealed that few take advantage of them. This report describes and analyzes the Kimberly-Clark Corporation's tuition-assistance program, the Educational Opportunities Plan (EOP). The EOP is recognized as having an unusually innovative plan structure, an extensive administrative system, and an extremely supportive corporate environment, all of which combine to create a climate in which employee participation in education thrives. While the average rate of worker participation nationally for such plans is around 4 percent, eligible employee use of the EOP was approximately 30 percent in 1978. The report explores how the EOP was designed and established and why it works. The study covers four major areas: current corporate, geographic and cultural environments; the history of the EOP's design and early implementation at Kimberly-Clark; the plan itself--structure, specific provisions and administration; and EOP success--how it is empirically measured by employee participation rates and how it is qualitatively perceived by corporate management, individuals involved in plan administration, and Kimberly-Clark employees. The study is based on interviews with those persons, combined with extensive documentation of the EOP. (KC)

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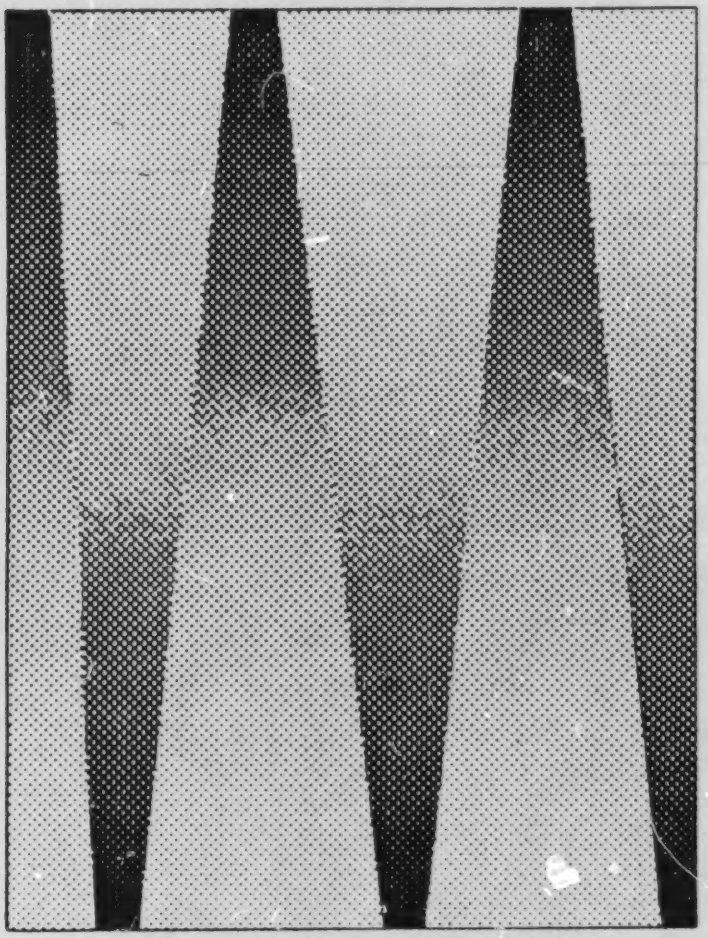
# Worker Education and Training Policies Project



# Kimberly-Clark Corporation's Educational Opportunities Plan: A Case Study

CE 028 405

Leslie A. Rosow

September 1979

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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This case study is a synthesis of two types of information -- "hard" data and documentation on Kimberly-Clark's Educational Opportunities Plan, and personal reactions of the people on-site who work with the plan. Over 30 individuals -- workers, managers, and officials of the company, and observers of the plan in the local educational community -- took the time to share their views on the EOP. This ancedotal input elevated the case study from the realm of statistical data, dollars and percentage points and brought it to life for me and, I hope, for the reader.

Though all of the people who participated in interviews for this report cannot be mentioned by name, I would like to highlight the contributions of a few. Special thanks go to the members of the EOP Committee, Larry Lancaster, James Shipman, and Terry Timmons, for their generosity with their own time for interviews and their clear and strong support of the case study. Richard Hetland, K-C Manager of Training and Development, provided a thorough and fascinating review of the history and development of the plan. Invaluable information on administrative and technical aspects of the EOP was provided by Nancy Suke, current EOP Administrator. Dean Clifford E. Larson and Drs. Pete Ward and Burk Tower of the University of Wisconsin/Oshkosh willingly gave their perspectives on the role of local educational institutions in providing services to the working adult.

Above all, my sincerest gratitude to Richard Hupp, former EOP Administrator, for clearing the path for the case study at Kimberly-Clark, for setting up on-site interviews, for his willingness to share information on and impressions of the EOP, for a thorough view of the final document, and for the innumerable other ways in which he contributed to this effort. This case study would not have been possible without the support of the Kimberly-Clark Corporation in opening itself and the EOP up to close external scrutiny in the interests of producing a valid, objective report.

Finally, invaluable counsel on the design of the case study and this report was provided by project staff and consultants.

Leslie A. Rosow
September 1979

## PREFACE

Adult Americans have been participating in formal education and training programs in record numbers in recent years. The trend is generally viewed as a positive development.

There is a rub; it involves the low profile cast by working class Americans in the ranks of participants in the adult learning boom. The hourly assembly line worker, the skilled craftsperson, the salesperson, the secretary ... those alternately called the blue and pink collar workers ... by all available estimates are not participating at levels even remotely equivalent to their numbers in the population.

This situation is paradoxical. Estimates suggest that somewhere between 40% and 70% of this population are "would-be-learners", that is people who say they want to participate in education and training programs. Yet studies of participation by working Americans in tuition assistance programs (in which financial barriers to continuing education are largely overcome) have consistently revealed overall use rates in the range of only 4-5%.

That one of the single largest audiences and potential constituencies for continuing education and training programs is currently not taking advantage of existing opportunities presents a significant public policy challenge. This is especially crucial because of the importance of this large segment of society to the future productivity of individual enterprises and the broader economy. A question that emerges in various forms is: Where does the "problem" lie? -- in the available opportunity or in the "would-be-learner" audience? The evidence presented in this paper and in other case studies in this series suggests a need to look more closely at how the opportunity--tuition assistance for education and training -- is structured.

The programs described in these studies have attained rates of worker participation far in excess of national norms. They offer examples of promising programs and practices to those in industry, unions, education institutions, and government concerned with enhancing education and training opportunities for workers.

In the following report, Ms. Leslie Rosow, Program Officer at the National Manpower Institute, describes and analyzes the Kimberly-Clark Corporation's Educational Opportunities Plan (EOP). The EOP is recognized as having an unusually innovative plan structure, an extensive administrative system, and an extremely supportive corporate environment, all of which combine to create a climate in which employee participation in education thrives. While the average rate of worker participation nationally for such plans is around 4%, eligible employee use of the EOP was approximately 30% in 1978.

This report explores how the EOP was designed and established and why it works. It is based on interviews with Kimberly-Clark workers who are using the plan to pursue education, plan administrators, company officials who worked on the initial development of the EOP, and representatives of local educational institutions. Information and impressions from the interviews were combined with extensive documentation on the EOP to which NMI was granted generous access. Design of the on-site interviews was informed by many sources, principal among them being the members of NMI's National Advisory Committee and the findings from a major survey research effort carried out by NMI in 1976 and 1977 which sought to shed light on the extent of negotiated tuition assistance programs and factors contributing to the low rates of worker utilization of tuition assistance benefits. (The results of this effort are reported in summary form in An Untapped Resource: Negotiated Tuition Aid in the Private Sector - Charner et. al., 1978).

This and its companion studies of highly utilized tuition assistance programs -- Polaroid Corporation's Tuition Assistance Plan and the programs of the Education Fund of District Council 37 of the American Federation of State, County and Municipal Employees (AFSCME) in New York City -- were begun in earnest nearly a year ago. These are the first of a series of reports on promising programs and practices and critical public policy issues in worker education and training initiated under NMI's Project on Worker Education and Training Policies which is financed (under contract) by the National Institute of Education.

These case studies were importantly influenced in their content and form by two considerations. The first concerned the slender body of literature on tuition aid, in general, and promising programs and practices in tuition aid, in particular. With phenomenal growth in the incidence of tuition aid programs in private industry and the public sector, and the consequent growth in the potential importance of tuition aid as a resource to working Americans, employers, unions, and those education institutions seeking to better reach the adult learning audience, enhanced knowledge about this resource and how to make it work appeared to us to be an urgent need. These case studies were designed to contribute to that knowledge base, with a view to meeting the interests of a differentiated audience of employers, unions, and education officials.

The second consideration involves the methods employed to develop these case study reports. Our purpose was to understand how these programs are designed, how they function, and how well they meet the purposes of program users and sponsors; and then to discuss those features in the contextual environment and in the program's "operant mechanics" that seem to account for the high worker use rates. In pursuit of these goals, we relied heavily on a qualitative field research approach using a blend of techniques: observation, informant interviewing, document analysis, and small group discussions. The method is costly, rigorous, and demanding on the time of researcher and respondent alike. It is our belief that the results are enhanced by the method. We hope that the reader agrees.

A prerequisite in this kind of case study is access to people knowledgeable about the program's administration, to users of the program, to people outside the sponsoring organization with informed perspectives about the program, and to documentary information. NMI was granted generous access to such people and records by senior officials of Kimberly-Clark. We are indebted to these officials and to the many workers, plan administrators and community observers who shared their experiences, perceptions, and knowledge with us.

Gregory B. Smith
Director
Worker Education
and Training Policies Project

# THE KIMBERLY-CLARK CORPORATION'S EDUCATIONAL OPPORTUNITIES PLAN (EOP)

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# KIMBERLY-CLARK'S EDUCATIONAL OPPORTUNITIES PLAN

## SUMMARY OF THE CASE STUDY

### Purpose of the Study and Methodology

As part of its "Worker Education and Training Policies Project", funded by the National Institute of Education, the National Manpower Institute conducted a case study of the Kimberly-Clark Company's Educational Opportunities Plan (EOP). The EOP is a comprehensive educational assistance plan which the company provides as a regular fringe benefit to eligible employees. The case study describes and assesses the plan and the environment in which it functions. It focuses on identifying the essential components of the EOP and on exploring why, when taken together, these features result in employee participation rates so much higher than those achieved by other tuition aid plans. The study covers four major areas:

- current corporate, geographic and cultural environments;
- the history of the EOP's design and early implementation at Kimberly-Clark;
- the plan itself - structure, specific provisions and administration; and
- EOP success - how it is empirically measured by employee participation rates and how it is qualitatively perceived by corporate management, individuals involved in plan administration, and Kimberly-Clark employees.

NMI staff spent several days on-site at Kimberly-Clark headquarters in Neenah, Wisconsin gathering data on the EOP. Information on the extensively documented plan was collected not only from written sources such as computerized printouts on five years of plan use, company memoranda regarding implementation, and instructional handbooks for employees and plan administrators, but also from over 30 interviews with Kimberly-Clark personnel who helped design or currently administer the plan and from eligible employees (both users and nonusers of the EOP). Data and information from these sources were combined with NMI researcher

observations of the plan and its environment to develop a comprehensive report on the EOP. The case study provides a detailed picture of the plan and, in the process, separates out its unique features for other practitioners in the field to look at as possibly suited for adaptation to their own companies, environments.

Company Context

With net sales of nearly $2 billion in 1978, Kimberly-Clark ranked 148th on the Fortune 500 listing of U.S. industrial corporations. The company is a leading marketer of fiber-based products for personal care and other diverse markets in many parts of the world. It has production facilities in 22 countries. In the U.S., plants and mills are located in 20 states. The total network, both foreign and domestic, is managed from the company's headquarters in Neenah, Wisconsin, where Kimberly-Clark was first established in 1872.

Nineteen-seventy-eight (1978) was Kimberly-Clark's seventh consecutive year of record sales and earnings. Net sales jumped 11% from 1977 figures with an accompanying 14% increase in net income during the same period.

At the end of 1978, the company employed about 29,800 individuals. Of the total 15,900 U.S. employees, approximately 7,500 are eligible to participate under the EOP. The current pool of eligible employees includes all of those in research, development, and engineering, sales, administrative, and professional positions, in addition to approximately 4,700 clerical, technical, and production workers.

Kimberly-Clark has a reputation, both internally and externally, for being advanced in terms of human resources planning and development.

> We strongly feel that the strength of our company and the opportunity for sustained corporate growth depend considerably on our ability to attract good people, to hold them as employees, and to develop them to their maximum potential. (former President of Kimberly-Clark)

This thinking was echoed by K-C managers throughout the company who were interviewed during the case study and is a basic foundation of many of the company's benefits programs including the Educational Opportunities Plan.

A distinctive feature of the EOP is the strong support and continuing commitment it recieves from top K-C management. The EOP was the protege of the Chairman of the Board of the company when it was first designed and introduced in 1974. The following quotes from members of the initial EOP design team illustrate management's attitude toward the plan:

> The company's top-level managers were absolutely convinced that education is either the or an extremely significant variable in the development of Kimberly-Clark employees.
>
> We had a mandate to design the best educational plan in the U.S. We were extremely excited by the kind of commitment Kimberly-Clark was going to make as a company.
>
> The plan was to be so unique and so exciting that Kimberly-Clark would be able to retain employees by offering such a benefit.

Although it is now a stable, established benefit, this aura of "top-priority" interest still pervades and is cited by employees who work with the plan as a significant element contributing to the EOP's solid entrenchment at Kimberly-Clark.

Provisions and Administration of the EOP

The EOP is a liberal and comprehensive plan which combines a variety of structural features into an educational assistance package flexible enough to meet the needs of most employees. Major features include:

- Liberal employee eligibility requirements - Unlike many educational assistance plans, the EOP is not limited to professional or salaried employees. Approximately 4,700 clerical, technical, and production workers are also eligible to participate under the plan.

- KimEd account - Each year, an amount of money determined by formula is allotted to each eligible employee for personal use in taking advantage of educational opportunities. The employee may draw on this "account" throughout the plan year. The typical KimEd allottment in 1978 was between $420-$480 per employee.

- FamEd account - One of the most striking and innovative aspects of the EOP is the Family Education Savings Account. Under FamEd, the company provides financial assistance to participants and their families for current or future educational expenses. This system enables the employee to save for future college costs for family members. The company makes a yearly deposit to the account and provides financial incentives for the employee to build the account (which receives standard interest -- 8.75% in 1978) with his or her own funds. According to K-C projections, if a young couple invests $200 every year for 15 years (in addition to the automatic corporate contribution), they will end up with between $8,000 and $9,000 by the time their children are ready to go to college.

- Coverage of non-job-related and cultural activities - Unlike most tuition aid benefits provided in the private sector, the EOP does not restrict eligible educational activities to "job-related" pursuits. K-C employees can and do use their KimEd and FamEd funds to take part in an unusually wide variety of job-related, career-related, cultural, and personal interest activities.

- No grade requirement or proof of course completion - K-C employees are not asked for proof of course attendance or completion. There is no grade requirement which must be met before tuition funds are released. These provisions act to remove two potential barriers to employee use of the plan.

- Payment in advance - Because of the "account" system, funds are available to the employee at any time throughout the year for advance payment of tuition costs, purchasing of texts and supplies, and other education-related expenses.

In addition to this flexible and innovative plan structure, EOP administration is carried out at three levels, each with its own clearly delineated sphere of responsibility, an effect of which is that information about the plan is constantly being circulated from plan administrators to eligible employees. The three levels of administration are:

- the EOP Committee - composed of high-level K-C managers and responsible for overall plan administration. The Chairman of the Committee reports directly to the Chairman of the Board of Kimberly-Clark.

- the EOP Administrator - responsibilities include coordinating EOP implementation, responding to inquiries on the plan from outside sources, and serving as liaison between Unit Coordinators and the EOP Committee.

- Unit Coordinators - responsible for provision of crucial support services to EOP users and for provision of information on the plan and on local education options to eligible employees.

Internal EOP publicity and promotion are high administrative priorities which have been used at Kimberly-Clark to create a climate of excitement about the plan as well as to provide necessary information on the EOP to employees. Plan administrators at K-C have also been instrumental in developing effective working relationships with local educational institutions in the Neenah, Wisconsin area. (The availability of a wide variety of local educational options and the increasing willingness of education providers to adapt to the educational needs of working adults was noted during the case study.)

Plan Effectiveness

All of these factors -- innovative plan structure, an extensive system of administration, and a supportive corporate environment -- combine to create a climate in which employee participation in educational activities thrives.

To our knowledge, the Kimberly-Clark Educational Opportunities Plan has the highest documented employee participation rate of the country's private sector educational assistance programs. While the average employee participation rate nationally for such plans is around 4%, the average rate of eligible employee participation in the EOP was approximately 30% during the 1978 plan year. This level of employee use of the plan has been fairly constant for all five years of its existence.

Participation varies, however, among the many K-C "units". Computerized data on EOP use by employees reveals fluctuation in participation according to a number of factors, including type of employee (professional, clerical, production), location of K-C plant, and type of course taken (academic, job-related, cultural, personal enrichment). For example, salaried employees tend to have higher participation rates (about 42%) than do hourly (primarily production) employees (about 10%). In one corporate headquarters unit, with a large population of research, development, and engineering employees, fully 78% of the eligible workers made use of the plan in 1978.

In summary, Kimberly-Clark's Educational Opportunities Plan is far ahead of most educational assistance plans in terms of plan design and administration. Strong corporate commitment to educational assistance provides a solid base upon which the plan and its support systems rest. The combination of these elements results in an effective, highly-used benefit, which seems to meet many of the needs of the company's employees while simultaneously contributing to the vitality of the company.

## I. INTRODUCTION

In 1973 Darwin E. Smith, Chairman of the Board and Chief Executive Officer of Kimberly-Clark Corporation (K-C), charged a group of selected staff members with the development of a far reaching and innovative educational plan for the company's employees.

> The plan was to be so unique and so exciting that Kimberly-Clark would be able to retain and attract employees by offering such a benefit[1]. (Member of the initial plan design team and currently Manager of Training and Development at Kimberly-Clark)

> The company's top-level management was absolutely convinced that education is either the or an extremely significant variable in the development of Kimberly-Clark employees. (Member of the initial plan design team and currently a Division Personnel Director at Kimberly-Clark)

> We had a mandate to design the best educational plan in the U.S. We were extremely excited by the kind of commitment Kimberly-Clark was going to make as a company. (Member of the initial plan design team and currently a Lead Computer Systems Analyst at Kimberly-Clark)

> We wanted to create a plan that would meet the needs and expectations of the men and women of Kimberly-Clark while simultaneously contributing to the vitality of the company. (Educational Opportunities Plan Administrator, 1974-1978)

Now in its fifth year of operation, Kimberly-Clark's Educational Opportunities Plan (EOP) has become an acknowledged leader in corporate-provided tuition aid benefits. In the 1977 plan year, approximately 30 percent of the eligible employees were participating in educational activities under the plan as compared to an average national rate of four percent for other private sector education plans.

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[1] In certain instances throughout this report, quotations are used which represent paraphrases of individuals' statements rather than their exact words. This is done in the interest of clarity of communication. In no case was the meaning of the statement altered.

With the growing recognition of "lifelong learning" as a valid and crucial concept in increasing and improving learning opportunities for adults, private sector tuition aid plans are being looked at as an important resource for financing the educational pursuits of workers. Given the low participation rates of most of these plans, however, this resource appears to be extremely underutilized. As an example of a plan that does work, Kimberly-Clark's experience holds tremendous promise as a teaching aid for individuals and institutions concerned with improving access to educational opportunities for the adult labor force.

How does Kimberly-Clark do it? Why are almost one-third of the company's eligible employees exploring educational options under the EOP when other coporate-sponsored plans go begging for employee interest and participation? Can the K-C plan, at least in part, be replicated in other corporate/industrial settings or does it thrive only in the unique climate at Kimberly-Clark?

This case study, drawing on information gained through personal interviews and direct observations at the company's headquarters in Neenah, Wisconsin, will address these and related questions. The report will outline the essential components of the EOP and attempt to explain why these features result in participation rates so much higher than those of other tuition aid plans.

The report is divided into four major parts. First, an overview of the company is provided, exploring its industrial and geographic settings, with special emphasis on the Neenah, Wisconsin area where Kimberly-Clark is headquartered. The next section focuses on the history of tuition aid at Kimberly-Clark, on top-level management's involvement in plan

development and support, and on events leading up to the current plan. This historical review is extremely important to any understanding of the plan in its current corporate context. The bulk of the report is devoted to the specific provisions of the plan and the several levels of plan administration within the company. Finally, the EOP is described and analyzed in terms of its success -- both how success is empirically measured and how it is qualitatively perceived by corporate management, plan administrators, and eligible employees.

## II. CORPORATE CONTEXT

With net sales of nearly $2 billion in 1978, Kimberly-Clark ranked 148th on the Fortune 500 listing of U.S. industrial corporations. The company is a leading marketer of fiber-based products for personal care and other diverse markets in many parts of the world. It has production facilities located in 22 countries. In the U.S., plants and mills are located in 20 states ranging from Lee, Massachusetts to Dallas, Texas to Fullerton, California. The total network, both foreign and domestic, is managed from the company's headquarters in Neenah, Wisconsin where Kimberly-Clark was first established in 1872.

In 1978, Kimberly-Clark achieved its seventh consecutive year of record sales and earnings. Net sales jumped 11 percent from 1977 figures with an accompanying 14 percent increase in net income during the same period.

At the end of 1978, Kimberly-Clark employed a total of about 29,800[2] individuals -- approximately 15,900 in the U.S. and 13,900 on the payrolls of consolidated subsidiary companies (in which Kimberly-Clark owns more than 50 percent of the stock) in other countries.[3]

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[2] Statistics used in the text of this report will be approximate and rounded to the nearest hundred.

[3] For the purpose of this case study, we are concerned only with U.S. employees, as eligibility under the Educational Opportunities Plan is limited to this group.

Classification of U.S. Employees -- 1978[4]

| | |
|---|---|
| Research and Development | 500 |
| Sales | 900 |
| Administrative & Professional | 1,500 |
| Production | 13,000 |
| TOTAL U.S. | 15,900 |

Of the total 15,900 U.S. employees, approximately 7,100 are eligible to participate under the EOP. The balance of the U.S. workforce is currently ineligible because these workers belong to organized labor bargaining units which have not negotiated for the plan. Approximately 8,800 employees, primarily in production jobs, fall into this category.

The current pool of 7,100 plan-eligible individuals includes all of the company's research and development, engineering, sales, administrative, and professional employees in addition to over 4,700 clerical, technical and production workers. The large number of white-collar employees covered under the plan has been cited as one factor contributing to high participation rates. (See the section of this report on "EOP Participation " for further discussion of this relationship.)

Kimberly-Clark has a reputation, both internally and externally, for its advanced human resources planning and development.

> We strongly feel that the strength of our company and the opportunity for sustained corporate growth depend considerably on our ability to attract good people, to hold them

[4]Adapted from Kimberly-Clark Annual Report, 1978.

as employees and to develop them to their maximum potential. (Harry Sheerin, former President of Kimberly-Clark)

The EOP is a part of the larger Kimberly-Clark benefits package, and is advertised as such in the benefits brochure given to employees and potential recruits. Recently, the company upgraded this package for salaried employees in several areas, increasing vacation time to six weeks after 25 years of service, raising the maximum life insurance coverage to three times the employee's annual salary, and lowering the cost of life insurance premiums. The ability to improve benefits, according to Kimberly-Clark officials, relates directly to the increases in company profits during the last seven years.

Neenah-area employees are able to take advantage of two special benefits which illustrate the company's concern with the "total employee", not just those employee needs directly related to production and the job environment. The 2,200 salaried employees in Neenah are eligible to participate in the Kimberly-Clark "Health Management Program", a comprehensive voluntary health program geared toward preventive medicine. Participating employees have access to complete physical screening and testing; orientation to their own level of personal "health risk"; programs in health education, counseling and exercise; and a modern, extensively equipped physical fitness facility which houses a pool, track, and gym.

Both salaried and hourly employees in Neenah may participate in the company's "Planning for Tomorrow" program which includes planning and counseling for employees nearing retirement age. The program is also open to the employee's spouse and includes a series of meetings on subjects such as money management, corporate retirement benefits, use of leisure time, housing, and educational opportunities.

In addition to these benefits, the Kimberly-Clark package for salaried employees includes extensive health and disability insurance coverage for both active and retired employees, a retirement plan, an incentive investment plan which matches employee contributions, life insurance, dental insurance, and the Educational Opportunities Plan.

The EOP is not the only manifestation of the company's concern with the educational development of its people. Each department has its own budget for employee education, training and development. These funds are primarily used to send employees to job-related seminars and classes.

For the first four years of its life (1974-1978), the EOP was administered by the Education, Training and Development Department, located at the corporate headquarters. This department is responsible for ensuring an effective corporate education and training program.[5]

These formal benefits, combined with the generally supportive atmosphere at Kimberly-Clark, encourage a strong sense of identification with the company. Most employees, at least those interviewed in Neenah, have been with the company for a substantial amount of time--between eight and twenty years was the typical range for employees interviewed for this case study.

According to its employees, Kimberly-Clark is generally acknowledged as the best employer in the Neenah area. Employee comments:

> People stay with Kimberly-Clark around here because it has by far the highest salaries and best benefits of any corporation in the Fox River Valley.

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[5] According to the former President of the company, Kimberly-Clark views its other human resource development programs as much more structured than the EOP. The EOP has far more latitude than the regular training and development programs.

As far as I'm concerned, Kimberly-Clark is the best place to work in Neenah.

Company loyalty is also enhanced by "extracurricular" activities sponsored by KCA, an employee organization which promotes recreational activities such as bowling leagues, volleyball and baseball teams, and numerous social functions. Also, employees have access to on-site after-hours educational offerings arranged by the Kimberly-Clark Education, Training and Development Department. Some of these courses are offered free of charge at the company's headquarters and are open only to employees of the company.

## III. GEOGRAPHIC AND SOCIAL CONTEXTS

Although the EOP covers employees in all of Kimberly-Clark's U.S. sites, the bulk of the information upon which this case study is based was gathered at the corporate headquarters in Neenah. The structure and administration of the plan is very similar at all Kimberly-Clark sites. This section of the report describes the local community, geographic context and the company's relationship with local educational institutions. Although this information applies only to the Neenah area, it is useful in illustrating how local conditions and especially local educational institutions may affect acceptance of the EOP.

Neenah is located in Northeastern Wisconsin on the shore of Lake Winnebago. It is a central link in a chain of lakeside communities, from Appleton in the north to Oshkosh approximately fifteen miles south of Neenah.

The industrial complexion of the area is influenced primarily by paper companies which originally were attracted by the abundant water power provided by the Fox River which flows north through the valley and empties into Lake Michigan at Green Bay. Kimberly-Clark is the largest of these companies.

The community and surrounding rural areas are seen by residents as friendly, safe, family-oriented, and fairly conservative. The population of the Fox River Valley, the area in which Neenah, Oshkosh, and Appleton are located, is 300,000. The Oshkosh-Appleton area is the second largest population center in the state. Many of the Kimberly-Clark employees interviewed were either born in the Neenah area or are

long-term residents. Many employees have strong career commitments to Kimberly-Clark and exhibit a high level of pride in the company.

Entertainment and cultural activities in Neenah and its sister towns in the valley are limited when compared to larger cities. However, many cultural events are sponsored by local educational institutions, primarily Lawrence University and the University of Wisconsin branches at Oshkosh, Menasha, and Green Bay. Social life in the valley is basically job and family oriented. Opportunities for social contact among single people are minimal. Town centers along the lake shut down early in the evening during the week, and although clubs and restaurants in the area are open, there is not a great deal of after-hours activity and social congregation.

## IV. EOP BACKGROUND

Kimberly-Clark has had a tuition reimbursement plan since 1938. The original plan was fairly traditional; it reimbursed employees at a comparatively low rate (50 percent of covered expenses), required satisfactory course completion, and was limited to job-related activities. Participation consequently was low, hovering around one percent of the eligible employees.

By 1972, the Research, Development, and Engineering (RD&E) Division of the company had had its own plan for five or six years while the rest of Kimberly-Clark still used the original plan. The RD&E Plan was initiated in the late 1960's as an experiment with a much more innovative format. Employees received individual allotments or "bank accounts" of time and money to be used for job-related self-development activities. Allotment amounts were tied to the employee's performance level. The RD&E plan was aimed at a specific, limited group of employees (550 RD&E workers) and was geared toward continual updating of their technical specialties. This plan was, in certain aspects, slightly more liberal than today's EOP. Funds and time could be accumulated and the average allotment was slightly higher. The RD&E plan gave Kimberly-Clark an idea of how employees would react to an account system and to a more intensive emphasis on educational development. The reaction was dramatic--participation jumped to over 60 percent in some of the RD&E units of the company. Many of the provisions and structural features of the current EOP were adopted from this earlier RD&E version.

Plan Initiation and Design

In December 1972, Darwin E. Smith, Chairman of the Board and Chief Executive Officer of Kimberly-Clark then and now, appointed a Management Resources Development Committee, which was charged with the design and implementation of a program throughout the company for the development of all employees irrespective of their job classifications. This committee's work, combined with the positive experience of the innovative RD&E plan, provided the impetus for the development of the EOP.

The design phase for the new plan began in 1973 when a young Kimberly-Clark employee was directed to research other companies' tuition reimbursement plans. Shortly thereafter, a team including representatives of a number of Kimberly-Clark departments began developing a proposal for an extensive education plan which would be far ahead of all others in the private sector. The design team reported to a committee which included Darwin E. Smith and Harry Sheerin (then President of the company). It is now generally agreed that this interest by the highest level of management was in large part responsible not only for initial implementation of the plan but also for generating the excitement and acceptance which the plan still enjoys. Due in large part to the insistence on "breadth" and "quality" from Smith and Sheerin, the plan developed into an unusually comprehensive and liberal proposal. One of the clearest recollections of a member of the initial design team was his excitement that the initiative for development of the plan had come from the top of the company.

> It was fun to work on because of this. We knew that when it was released it would create a few waves of amazement. Also, the importance placed on management trust in the employee, the stress on what was best for the employee was inspirational in my work with the plan. (Manager, Kimberly-Clark Education, Training and Development Department)

Once the provisions of the EOP were outlined it became obvious that a substantial investment in administrative and technical support would be necessary for initial implementation and future maintenance. The draft package at this point included, in addition to the plan itself, a computer systems manual, an extensive administrative handbook, a slide presentation on the plan, tax implications, cost projections, and a completely outlined communications/public relations program.

Original Plan Objectives

Interviews with Kimberly-Clark employees who helped develop the plan and public statements of corporate spokesmen reveal several initial objectives:

1. To help create and maintain a highly qualified workforce.

This primary desire on the part of the company comes through very clearly in almost every article, public relations document and conversation with management officials regarding the plan.

> The company wants to move every employee to a position at Kimberly-Clark where they are used to their fullest potential. (Divisional Personnel Director)

> The effective person, the person whose contribution is most valuable to our company, we believe, tends to be the whole person, the involved and aware and self-renewing person. (Former EOP Administrator)

The EOP is an important recruitment tool and is featured in the benefits pamphlet given to all potential Kimberly-Clark employees. According to the former Plan Administrator who is now involved in recruitment, "The plan tends to bring in better people. We are assuming that we get a higher caliber recruit". When a Kimberly-Clark representative sits down with a potential recruit and goes over the benefits package, the EOP stands out as something other companies don't have.

As indicated earlier, the EOP also took over from the old RD&E plan some of the responsibility for updating the skills of technical employees. With the EOP's inclusion of a wider range of employees, it avoided its precursor's negative "elitist" image.

2. To help Kimberly-Clark employees meet their families' educational needs.

In a survey on employee benefits administered at Kimberly-Clark in the early 1970's, one area in which workers indicated a need for help was in meeting the costs of postsecondary education for their children. Through the "FamEd" portion of the EOP (See page 34 for a detailed description), the company offers a method for helping employees plan for these expenses, not only for their children, but also for spouses and as a supplemental source of support for the employee's own educational activities.

3. To develop Kimberly-Clark's image as a progressive, innovative, and socially conscious company.

Two responsibilities written into the original Plan Administrator's job description are:

> To create an image to outsiders (through promotion and publicity of the plan) that Kimberly-Clark is indeed a progressive, far-sighted, successful enterprise and to sustain the national reputation as the outstanding industrial educational assistance plan.

Top management set out deliberately to develop a liberal, progressive, and far-reaching education plan in the private sector. Employees interviewed universally agreed on the clarity and strength of this intent from the very beginning of the plan's conceptualization.

4. To act on the belief that availability, quality, and diversity of educational opportunities for adults in American society should be increased.

In several different interviews with individuals who worked closely with the EOP's early development, this intent was emphasized as a major motivating factor causing top Kimberly-Clark management to push for the EOP in the first place. In addition to improving the company's workforce and image, Kimberly-Clark executives strongly hoped that plans similar to the EOP would be adopted throughout the private sector. They also hoped that educational institutions would become increasingly responsive to the needs of adult learners. This awareness of the growing importance of lifelong learning was voiced by a number of managers at the corporate headquarters, both as a personal and corporate conviction.

The exact proportions of altruism, social consciousness and enlightened self-interest involved in the original combination of plan objectives are not important. It is sufficient to know that all of these considerations were (and are) significant motivating forces.

## Early Implementation

As remembered by individuals who were directly involved in the process, initial implementation of the EOP was not an easy task. One of the clearest pictures of the difficulties of this stage was drawn by a member of the EOP Committee which is charged with the administration

of the EOP.[6] When the plan was first initiated in 1974, the Personnel Director was responsible for its introduction to the field sales force in his division. In his words, "It was a mammoth job." Although he "lived through it," the experience left a profound impression. He cites that initial experience as an important factor is his current concern with simplifying and streamlining EOP administrative procedures.

Typically, individuals at local Kimberly-Clark sites around the country developed their own methods for implementing the EOP. "Trial and error" was the primary teacher. Because no other similar educational assistance plan existed, there were no other experiences to use as models. As a result, although the superstructure of EOP administration is fairly standardized throughout the company, individual unit administration varies based on management patterns formed during the implementation phase.

Major aids to uniform plan establishment were the central administration of the EOP from the corporate headquarters, the distribution of standardized manuals for plan management and implementation, and the encouragement of communications among plan coordinators at the unit level through several group meetings held in Neenah.

Technically speaking, the implementation phase of the plan is still continuing as decisions on the eligibility of specific courses and on some of the finer points of administration continue to be made.

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[6] The responsibilities of this Committee for EOP management are detailed in the section of this report on "Plan Administration".

From a practical standpoint, however, the plan became a fairly stable and established benefit within about three years of its introduction.

## V. RELATIONSHIPS WITH THE LOCAL EDUCATION COMMUNITY

Linkages between the employer and local providers of education are crucial to the efficient functioning of any educational assistance plan. Depending to some extent upon the quality of these relationships, the availability of educational opportunities can be expanded, dwindling enrollments in postsecondary education can be bolstered with adult learners, and employee participation in educational activities can be substantially encouraged or discouraged. This section will explore the extensive and complex interactions which have developed between Kimberly-Clark and educational institutions in the Fox River Valley. It begins with a brief sketch of higher and adult education in Wisconsin, focusing particularly on the statewide University of Wisconsin and its branches in the Neenah area.

### Higher Education in Wisconsin: The University of Wisconsin

Wisconsin residents have access to a wide variety of options for continuing and adult education. Vocational training and academic education are plentiful throughout the state through the extensive University of Wisconsin system of campuses and numerous local vocational training facilities. The University of Wisconsin system has more separate campuses than any other state university - thirteen four-year and eleven two-year sites. The two-year campuses, University of Wisconsin "centers", take the place of junior and community colleges of which there are none in the state. The University historically has emphasized services to adult learners, and was one of the first universities to offer a PhD program in adult education. In addition, students 65 years old or older who

attend the University's classes are not charged tuition.

Technical institutions handle most of the state's technical training needs. The Fox Valley Technical Institute in the Neenah area offers a heavily subsidized and varied program in technical training. Courses are inexpensive and are available in a number of locations throughout the Neenah area.

In Northeastern Wisconsin, where Kimberly-Clark is located, there are two four-year state universities (the University of Wisconsin at Green Bay and at Oshkosh), five two-year university centers, several private colleges, and six technical institutes.

The University of Wisconsin, Oshkosh (UW/O)is the closest branch of the state system to Kimberly-Clark in Neenah. Only fifteen miles away, UW/O is easily accessible to Kimberly-Clark employees. Most of the company's Neenah employees who are enrolled in academic courses attend this branch of the University.

At UW/O there is a high priority on orienting programs toward the working individual. Although most undergraduate offerings are scheduled for full-time day students, both the Business School and the Computer Sciences Department are primarily evening and part-time divisions. Their curricula were designed to be responsive to the needs of local industry. According to the Dean of UW/O's Business School:

> It is the University's intent and hope that our programs will eventually become an integral part of management planning in the area. They are valuable resources for business and industry to be aware of and make use of for their employees. This is actually happening to a greater and greater extent as time goes on.

Educators at UW/O's School of Business Administration would like to see recognition of their program grow among employers in the surrounding

area. Department staff are currently involved in developing contacts in the local industrial community to increase awareness of the program and to bring in working students. (UW/O's Business Outreach Extension Office talked with over 300 firms during one recent 14-month period.) The School of Business Administration mails brochures, course listings, and seminar and service announcements to a mailing list of area personnel managers, industrial relations directors, training administrators, company officials, etc. in an attempt to reach individuals who might have an influence on employees. Even the Business School's registration system is designed for the employed student. After the initial acceptance procedure, registration is accomplished completely through the mail. In the Dean's words:

> We can't be expecting corporate people to be running down to Oshkosh everytime they have to register.

In 1977, UW/O's School of Business Administration established a Business Advisory Board composed of fifteen members from local firms. The Advisory Board is used as an industry sounding board on the Masters in Business Administration program. It also is used by the University as another vehicle for getting the message across to employers that the opportunity exists at UW/O for industry to develop its managerial personnel.

In addition to the recently established graduate program in business, the University of Wisconsin for the past 30 years has had a business extension component similar to the agricultural extension service of many land-grant schools. This extension service, which has the responsibility of addressing the educational needs of the state's industrial and business communities, had always been located at the main campus of the University in Madison, Wisconsin. Two years ago, this business outreach service was expanded to all of the University of Wisconsin campuses except Milwaukee.

This allowed the University to more effectively serve the needs of business throughout the state. The business outreach office specializes in on-site courses and seminars for local business and industry. Available through this office are supervisory institutes for management training, executive development seminars, and special interest seminars on topics ranging from basic labor relations, to management by objectives, to management skills for women in supervisory roles.

To summarize, the University of Wisconsin in general and at Oshkosh in particular is strongly oriented toward providing services to local business and industry and toward increasing enrollments of working adults.

Although this particular educational institution is unique to the State of Wisconsin, postsecondary education providers across the country are focusing more and more on the adult learner as a major source of support for sagging enrollments. Demographic information suggests that this trend will continue as the supply of "traditional" college entrants between the ages of 18-25 dwindles.

Kimberly-Clark Relationships with Educational Institutions

Kimberly-Clark's close working relationship with the local educational community actually began before the EOP's implementation, with contacts made as a result of the company's Research, Development and Engineering educational assistance plan. This plan paved the way for the EOP both internally at Kimberly-Clark and externally by orienting area educational institutions to the effects of an intensively used tuition assistance program.

In 1974, at a luncheon meeting at O'Hare International Airport in

Chicago, the Educational Opportunities Plan was publicly introduced to educators from communities in which Kimberly-Clark mills are located. Harry Sheerin, President of Kimberly-Clark at the time, provided an orientation to the plan and appealed for the support of local educational communities, again demonstrating top management's commitment to the plan.

Since then, Kimberly-Clark's interactions with local educational institutions have increased. For example, in the Neenah area:

- The Business Advisory Board to UW/O's Graduate School of Business Administration is chaired by the Chairman of the Educational Opportunities Plan Committee, which is charged with administration of the EOP at Kimberly-Clark.

- Kimberly-Clark maintains an "executive-in-residence" in UW/O's College of Business Administration. The current executive-in-residence serves as a professor at the UW/O campus and in addition has been a catalyst for broadening and cementing the relationship between the two institutions by planning joint luncheons and meetings.

- Kimberly-Clark h s built long-standing relationships with other educational institutions. The EOP Committee Chairman is also a member of the Board of St. Norbert's College in DePere, just north of Neenah. A faculty member of the University of Chicago and the President of Marquette University in Milwaukee are on the company's Board of Directors. Kimberly-Clark's Chairman of the Board is an ex-board member of the Fox Valley Technical Institute. The former President of Kimberly-Clark is on the Lawrence College Board of Trustees.

- At the request of the University, the former EOP Administrator participated in a workshop at the University of Wisconsin at Madison to orient 17 Madison area firms to educational opportunities available to the employees through the University's Continuing Education Department.

- Both EOP staff and Education, Training and Development Department staff at Kimberly-Clark have developed working relationships with UW/O personnel. The EOP Administrator deals primarily with the University Registrar's Office and with an assistant to the Chancellor of the University. Education Department officials work closely with the Business Outreach Extension Office at UW/O in the establishment of on-site courses at the company's headquarters.

- Approximately 60 to 65 of the 500 students enrolled in the UW/O Graduate School of Business Administration during any given year are Kimberly-Clark employees using the EOP to attend classes. This is the largest documented group of EOP students participating in a single educational curriculum in the Neenah area. It is also by far the largest group of Business School graduate students from a single private employer.[7]

The University of Wisconsin at Oshkosh offers courses at a variety of locations in the Fox River Valley. About half of the graduate business program is offered off the UW/O main campus.

Kimberly-Clark sponsors on-site courses through the company's Education, Training and Development Department. According to the former Plan Administrator, although some plants in the field do offer on-site courses, the corporate headquarters does not keep close track of them. In his words, "Our intent is not to become a school." The possibility of using on-site courses to enlarge options for hourly workers on shift schedules was mentioned by an EOP Committee member who knew of one Kimberly-Clark mill which brought in outside people to provide equipment demonstrations and seminars at the plant for all three work shifts.

The point was also made that the potential for on-site courses in the field sites is less than it might be in Neenah simply because the plan's staffing level is much higher at the corporate headquarters. With only one plan coordinator at a field site, the time available for

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[7] The business program is a 3½ to 4½ year course of study scheduled completely during the evening and geared toward working individuals. It is a long haul for an MBA degree; completion rates average around 58 percent. In the opinion of the Dean of the Business School, Kimberly-Clark employees, because of the constant support they receive through the EOP program, tend to stay in the MBA program longer than some of the non-supported students.

setting up on-site activities is limited.

Another possible advantage of on-site courses is that they are "sheltered" activities. They can provide a bridge back to the educational environment for employees who might be hesitant to "go back to school". The threat of a formal educational environment is much less when the class is at the work-site in familiar surroundings with fellow workers as students.

Not all educational institutions in the Neenah area are receptive to industrial and business employees as students. For example, Lawrence University, a four-year undergraduate school, does not actively seek enrollment of working adults. As a result, EOP administrators at Kimberly-Clark do not look toward Lawrence as a primary education resource for employees.

In general, educators in the Neenah area are appreciative of Kimberly-Clark and the Educational Opportunities Plan. University of Wisconsin Business School representatives agreed that,

> Kimberly-Clark is by far the most sophisticated firm in the area with regard to getting access to educational opportunities for its employees.

In addition, the Dean voiced his appreciation for the positive effects the EOP has had on other companies' tuition aid programs. Although he can't prove any direct relationship, he strongly feels that the EOP has helped encourage area firms to relax their "job-relatedness" requirements for educational activities. This positive attitude toward the EOP was echoed by the Director of Outreach for the University of Wisconsin, Green Bay, who has kept track of the EOP since its introduction in 1974 and has developed a close working relationship with the former Plan

Administrator. She emphasized local educational institutions' appreciation of "Kimberly-Clark's focus on making its employees aware of the community's educational options." She sees, and she believes the company also sees, the "writing on the wall" regarding the need for expanded options for adult learners.

## VI. PROFILE OF THE EOP

This section details the structural provisions of Kimberly-Clark's Educational Opportunities Plan. Each aspect of the plan was designed by the initial development team to encourage high employee participation by assuring maximum flexibility to meet individual needs.

Major Features of Kimberly-Clark's EOP:

- Broad employee eligibility
- KimEd account
- FamEd account
- Advance payment for educational expenses
- Extended Educational Leave
- Coverage of non-job-related and cultural activities
- No grade requirement or proof of course completion

### Employee Eligibility

> We wanted a plan that would provide opportunity to all employees. It could not be a program restricted to any special group of employees whether by level, job function or geographic area. (Former K-C President)
>
> We recognize and appreciate how unusual Kimberly-Clark is in providing this kind of aid to regular staff and clerical employess. (Dean, School of Business Administration, University of Wisconsin at Oshkosh)

Many tuition aid plans restrict eligibility to professional employees on the premise that only employees with professional or technical specialties require periodic updating in their fields. The Educational Opportunities Plan at Kimberly-Clark is available to any U.S. hourly or salaried employee with the exception of employees covered by collective-

bargaining agreements. These employees are covered by the EOP only if their union negotiates eligibility as a part of its official agreement.

In order to understand the extent of plan coverage, it is important to understand the company's system of categorizing its employees. "Hourly" employees receive an hourly wage; most production workers are included in this category. Both "nonexempt" and "exempt" employees are salaried, one difference being that exempt workers are not compensated for overtime work while nonexempt workers are. Clerical workers and technicians are usually classified as nonexempt. Exempt employees are found in most of the professional and administrative positions in the company. Of the approximately 5,000 U.S. salaried workers, all of whom are eligible for the EOP, 2,200 are located in the Neenah area. At this time, all hourly, nonexempt, and exempt employees not in a bargaining unit are eligible to participate in the education plan. In the 1977 plan year, eligible employees fit into three categories: hourly employees, approximately 2,200; nonexempt employees, approximately 2,000; exempt employees, approximately 2,900; total, approximately 7,100 eligible employees. The numbers of eligible employees in each of the three categories have remained about the same since the plan's establishment in 1974.

The only other requirements for participation are: (1) the employee must have completed at least six months of continuous service at Kimberly-Clark;[8] and (2) in the case of exempt employees, the employee must have

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[8] Most plans require at least one year of service for the employee to qualify for education benefits.

a performance rating of "Provisional" or better.[9]

KimEd Account

The KimEd account is a personal bank account set up for the employee's educational use. Annually, on July 1, each eligible employee is allotted a sum of money (KimEd Allotment) on which he or she may draw for personal self-development activities throughout the plan year (July 1 - June 30). Any part of the account which remains unused at the end of the plan year lapses, but is replaced by a new allotment the next day. This lapsing feature encourages the employee to feel an "ownership" of the funds. In the opinion of the former Plan Administrator, the resultant "use it or lose it" attitude encourages participation.

KimEd allotments are based on several variables and vary for different categories of employees.

Factors figuring into the allotment for exempt employees are:

- most recent job performance rating
- base annual salary
- whether the employee submits a self-development plan
- company earnings per share

The first factor is the employee's most recent job performance rating. The higher the performance rating, the greater the number of points awarded to the employee in the allocation formula.

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[9]The company rates its exempt employees at five levels: Outstanding, Commendable, Competent, Provisional and Unsatisfactory. Employees with "Unsatisfactory" ratings are not eligible for a KimEd allotment under the EOP. These employees may participate in the savings feature of the plan. (See table on p. 63 of this report.)

The performance rating can make a substantial difference in the final allocation. Points are awarded according to the following table.

| Performance Rating | Points |
|---|---|
| Outstanding | 76 |
| Commendable | 50 |
| Competent | 36 |
| Provisional | 28 |
| Unsatisfactory | Not eligible for EOP KimEd allotment |

Annual salary also figures into the KimEd allotment with point values descending as salary increases. As the following table shows, employees at the lower end of the salary scale receive a greater number of points than employees earning higher salaries.

| Base Annual Salary | Points |
|---|---|
| less than $15,000 | 22 |
| $15,000 - $25,000 | 18 |
| $25,000 and over | 14 |

This was done to counteract any thoughts that the EOP might be a "rich man's" plan designed primarily for higher salaried employees.

A third way an employee can earn points toward the EOP allotment is to submit a "self-development plan". The self-development plan is a simple statement of job-related or non-job-related goals. It usually shows the relationship between the individual's educational pursuits and his or her own objectives. The only requirement is that the self-development plan be "meaningful to both the employee and his or her immediate supervisor".

The supervisor is required to review the plan. In many cases this provides an opportunity for supervisor/employee interaction which might not ordinarily take place during the course of the regular working day.

According to the current EOP Administrator,

> It is hoped that the supervisor will not just sign off on the self-development plan but will take the time to discuss it and its implications with the employee. Realistically however, we know this doesn't always happen.

When it does, a self-development plan can help the supervisor pinpoint employee needs and set aside time for a discussion of the employee's objectives.

Supervisor review of self-development plans is less than an exact science at Kimberly-Clark. Interviews with both employees and supervisors revealed varied experiences with this process.

> From what I can tell, discussions regarding the self-development plan are very positive occasions -- very useful to the supervisor-employee relationship. (Former EOP Unit Coordinator)

> I submit a self-development plan every year. It's a fairly innocuous document -- not really a serious planning tool. Although it's an honest plan and it is worth the 12 points, I feel a little let down with what I do with it. But you do have to think about self-development to some extent to complete the plan; in some cases it might be a stronger motivator than in my own. (Lead Systems Analyst)

> In my opinion, the self-development plan offers an opportunity for one-on-one communication with the employee and is valuable for this. The EOP was originally designed to provide this opportunity. Dar Smith (Kimberly-Clark Chairman) had it in mind to encourage communications and saw this as a good way to do so. (Division Personnel Director)

Obviously, opinions on the value of the self-development plan vary widely according to individual experience. Review of a number of plans

revealed them as minor documents -- a half page of written explanation as to how the educational activity being undertaken would fit in with the employee's longer-term personal goals.[10] The real value of the self-development plan seems to be in the opportunities it provides for:

- Supervisor/employee interaction
- Employee consideration and formulation of personal objectives
- The company to demonstrate its encouragement of these first two points and to emphasize its concern for total employee self-development over and above job-related areas.

Kimberly-Clark does not direct employees to take advantage of the self-development plan or the EOP. The company maintains an attitude of corporate encouragement of employee self-direction.

The fourth variable in the allotment formula for exempt employees is the company earnings factor. Company earnings points are awarded as follows:

| Company Earnings | Points |
|---|---|
| Up 12% or more | 7.5 |
| Up 5% - 11.9% | 6.0 |
| No improvement to up 4.9% | 5.0 |
| Earnings decline | 4.0 - 0.0 |

For the past five years -- ever since the plan has been in effect -- the multiplier has been the full 7.5 points as company earnings per share have exceeded the average of the previous year's earnings by at least 12%.

Nonexempt and hourly employees do not submit self-development plans and are not rated according to job performance. Their allotments are based on a fixed amount which varies only with the company earnings factor. According to the former EOP Administrator, nonexempt and hourly

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[10] See Appendix B for examples of employee self-development plans.

allotments for 1978 were $480, a figure nearly equivalent to the average allotment for exempt employees. The following descriptions illustrate both allotment procedures.

Exempt Employees

- Points from performance rating + salary level + self-development plan (optional) x company earnings points = KimEd allotment (in dollars).

Nonexempt and Hourly Employees

- Fixed allotment based on company earnings.

The following example shows how the formula works for a "typical" exempt employee.[11] This employee had previously earned a performance rating of "Competent", has a salary of $13,200, and has submitted a self-development plan.

| Employee | Points |
|---|---|
| 1. Performance rating: "Competent" | 36 |
| 2. Base salary: less than $15,000 | 22 |
| 3. Self-development plan: submitted | 12 |
| Points--first three factors | 70 |
| 4. Company earnings: up to 10.17%, so between 5% and 11.99% | 6.0 |
| 70 x 6.0 = KimEd Allotment | $420 |

Because allotments under both the KimEd and FamEd portions of the plan have remained fairly stable since the plan's establishment in 1974, the effect of inflation during the past four years has been to decrease the actual worth of the EOP educational dollar. Plan administrators are aware of this fact. As yet, no steps have been taken to revise the

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[11] Adapted from Money for Education, Kimberly-Clark, 1975.

allotment equations in response to this situation.

Educational Leave Under KimEd

Most employees use KimEd funds to pursue activities after working hours or on weekends. In certain cases where this is not possible, the employee may request time off during working hours to complete a specific educational activity. Such time off is limited to two weeks (ten days) per year. It may be drawn upon in increments of as little as one hour up to the full ten-day block, as needed. While the employee is on leave, he or she receives wages and benefits as usual. It is the department head's responsibility to approve the leave request. Although figures on the amount of educational leave taken by Kimberly-Clark employees are not available, the impression is that it is used quite often, primarily for job-related 2-3 day seminars offered far enough away from the work site to require overnight travel.

Views on the use of this leave provision vary, however. According to one individual who is responsible for plan administration at the employee level, this aspect of the plan is often used for non-job-related courses by employees preparing for retirement. Most of the leave requests, however, have been job related, she said. Another employee involved in administration of the plan was under the impression that leave could be used only for job-related activities. She did agree, however, that the provision was often tapped by employees and added that she had never heard of anyone being turned down for requested leave. The former EOP administrator offered another view; although educational leaves are not required to be job-related, all of those taken had been, so far as he

knew.

One factor affecting use of educational leave is that the company pays for any company-directed seminars, short courses, etc. requiring leave. If a supervisor directs the employee to attend an activity, that department foots the bill with funds from its general education and training budget.

Expenses and leave granted for company-directed activities are not supposed to be subsidized with the employee's KimEd self-development monies or leave time. Plan administrators at the employee level, called EOP Unit Coordinators, watch for cases in which employees might be using KimEd dollars for company-directed activities.

> I'm aware that some supervisors might say to the employee,"I'd like you to go to this seminar and use your KimEd dollars to do so.".I stress at my employee meetings that if this happens the supervisor should use departmental funds to pay for the company-directed activity. (EOP Unit Coordinator)

Some KimEd funds probably are being applied toward company-directed education and this practice would artificially inflate the level of strictly voluntary use of EOP leave for job-related activities. The degree of this artificial inflation, if significant at all, is not known at this point. Based on on-site interviews, it did not seem to be common.

FamEd Account

One of the most striking and innovative aspects of Kimberly-Clark's Educational Opportunities Plan is the Family Education Savings Account. FamEd is designed to encourage the employee to save for future personal of family educational expenses. Under FamEd, the company provides financial assistance to participants and their families for such education.

The FamEd account is actually a combination of three accounts:

- Company basic amount -- on the first day of each plan year (July 1) the company credits an amount equal to 25% of the employee's KimEd allotment for that year to the FamEd account.

- Employee savings -- the employee may elect to contribute between $50 and $200 of his or her own money (through payroll deduction) to the FamEd account. Again, the upper limit of $200 per year was established to avoid the idea that the EOP was aimed at employees at the upper end of the salary scale.

- Company savings incentive -- in addition to the basic amount, the company will contribute to the account an amount equal to 20% of the employee savings contribution for that plan year. This 20% is a "savings incentive" to encourage employee participation in the FamEd savings plan.

All of these three balances earn interest. Employee savings are invested in a trust fund with a guaranteed annual interest rate. In 1978 the yearly interest rate was 8.75%, up from 8.5% in 1977 and 1976. Although the company contributions (basic and savings incentive) do not go into a trust fund, they earn interest at the same rate earned by the employee savings trust fund.

The FamEd account (unlike KimEd, which as an annual program lapses and then is re-established every year) is designed as a long-range savings plan which will carry over from year to year. According to the company's current projections, if a young family invests $200 every year for 15 years, they will accumulate between $8,000 and $9,000, by the time their children are ready for college.

Although the FamEd account was instituted primarily as a means to help employees finance their children's or spouses' college educations, money in the account can also be drawn upon to supplement KimEd funds for the employee's own educational pursuits. The employee may also withdraw all or part of personal savings from the FamEd account at any time

for other-than-educational expenses. In these cases, the company savings incentive balance is reduced accordingly. Until recently, FamEd dollars could be used only for postsecondary educational expenses. The EOP was recently amended to allow employees and spouses to use FamEd funds to participate in primary or secondary level educational activities.

As in the case of the KimEd account, participation in the FamEd portion of the EOP is completely voluntary. According to one publication on the plan,

> The plan provides monetary assistance and incentive for employees to save for the education of their children. However, all decisions are left to the employee and his or her family regarding the nature and extent of post-high school education, if any, they wish to pursue. (K-C, 1974 A)

Kimberly-Clark employees and their families are using the FamEd account option to help make significant changes in their lives. Based on on-site interviews with company employees, FamEd use includes:

- Helping to put one employee's spouse through a full-time day program in finance from the University of Wisconsin at Oshkosh;
- Enabling an employee's spouse to take art lessons;
- Supplementing college expenses for an employee's seven children, three of whom are currently attending college;
- Providing funds for an employee's spouse to take correspondence courses in time management and sales from the American Management Association;
- Paying for an employee and spouse to attend a personal finance course offered on-site at Kimberly-Clark. This couple has no children, but between the two of them, they use up all of their EOP funds, both KimEd and FamEd, every year on a variety of educational pursuits including courses in home repair, small engine repair, and auto mechanics. This example highlights the fact that because of the FamEd provision, husbands and wives can and do take courses together outside of working hours;
- Enabling an employee to take a sewing course which is not an

eligible educational activity under the KimEd portion of the plan; and

- A combination of uses: an employee's spouse uses FamEd dollars to take continuing education courses in nursing (her profession), one child has used FamEd monies to supplement college expenses, and the employee is planning to begin using FamEd funds for a younger child's college tuition within a few years.

Even when the FamEd accounts were not actually being used by employees, the employees were aware and appreciative of the option's existence.

> I don't use it myself, but I think it's (the EOP) a good benefit. I've seen it used by some of the fellows on my crew to put their wives through school. (Maintenance Mechanic)
>
> It (EOP) came too late to be useful for my kids' education, but it's an important benefit - especially for younger employees. (Manager, Business Services)
>
> Between work and having a house to take care of when I get home, I'm just too busy to do anything else, but I am planning to use the plan eventually to put my son through college. (Building Maintenance Worker)

The importance of the FamEd option and the significant impact it has on the families of employees were evident in almost every interview with Kimberly-Clark personnel. People are grateful for the FamEd account for two reasons: (1) with this account they are better able to meet the educational needs of their spouses and children; and (2) FamEd is perceived as illustrating, in concrete terms, the company's concern for and commitment to the well being of the employee by supporting family needs outside the work place. By providing the FamEd option, Kimberly-Clark is again assuring the employee that his or her own best interests are important to the company.

> It's a great feeling knowing that your company is willing to help both the employee and the spouse -- is interested in the total picture. (EOP Unit Coordinator)

Advance Payment for Educational Expenses

Another important feature of the EOP is the option of advance payment for educational expenses. For both KimEd and FamEd expenses the employee submits an authorization/payment request form. Once the allotment is credited to the employee's account, funds can be released either as an advance or as a reimbursement -- whichever the employee desires. This feature avoids a common barrier to participation in education plans which operate on a reimbursement basis only. Kimberly-Clark EOP participants do not have to worry about tying up their own funds to pay for education.

Harry Sheerin noted that the EOP is designed to pay tuition up front, rather than after course completion:

> It's important to some people and evidently helps build our rates of participation. In other plans I have studied, there seem to be a number of hindrances. We have tried to avoid as many hindrances as possible. Our objective is participation.

Extended Educational Leave

In addition to the KimEd and FamEd aspects of the EOP, the Extended Educational Leave (EEL) provides a limited number of paid leaves for up to one year when circumstances require it. The minimum duration of these leaves is two weeks, beginning where the leave provision under the KimEd plan ends.

Extended Educational Leaves are more difficult to obtain than the

briefer KimEd variety. An application review procedure involving a recommendation by the employee's unit manager and review by a committee appointed specifically to review EEL applications is required. Criteria used by the committee to determine whether a leave will be granted include:

- Whether the objectives to be accomplished by the leave are germane to the interests of the company and the employee;
- The employee's capacity for achieving those objectives; and
- Such other criteria as the committee may establish.

Leaves under this section are to be granted only for the purposes of pursuing an activity of interest to both Kimberly-Clark and the employee. Employees awarded extended educational leaves receive full pay and benefits and may use their KimEd and FamEd accounts funds for educational expenses during the leave.

The Extended Educational Leave provision of the EOP is the least utilized section of the plan. Only one such leave has been granted in the four years of the plan's existence. That leave was awarded to a research and development chemist in the company's consumer service products division to pursue advanced research in a highly technical R&D area.

Asked why this aspect of the plan has not been used to a greater extent, the former plan administrator indicated that requests for extended educational leaves simply had not been submitted by employees during the past four years. Possible reasons for the apparent lack of employee interest in this provision are discussed in the section on "EOP Participation" later in this report.

In addition to the three main components of the Educational

Opportunities Plan, several other options also are available to the employee.

Coverage of Non-Job-Related and Cultural Activities

Unlike most tuition aid plans in the private sector, the EOP does not restrict eligible educational activities to "job-related" pursuits. Employees at Kimberly-Clark can and do use their KimEd and FamEd funds to take part in an unusually wide variety of job-related, career-related, cultural, and personal interest activities.

In 30 on-site interviews with employees in Neenah, it was discovered that the plan is being used to finance such diverse activities as piano lessons, personal financial planning, art courses, language training in Spanish and French, assertiveness training, home repair, auto mechanics, small engine repair, transactional analysis, travel agent school (spouse)[12] and time management training.

Both the type of course and sponsoring institution must be approved before the course is ruled eligible. Eligible activities include courses offered by accredited postsecondary institutions; institutions certified by the National Home Study Council; and other institutions, organizations or individuals approved by the company.

Kimberly-Clark makes every effort to determine whether the course of study provides adequate value for the employee's educational dollar. If it does, and is offered by a legitimate educational source, the activity is approved. In cases of individual instruction (e.g. music lessons under

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[12] While employees are not generally allowed to take courses designed to provide training in a new career away from Kimberly-Clark, family members are.

FamEd) the same rules apply. It must be determined through contacts with other students, etc. that the provider gives acceptable educational value for the employee's dollar. At this point, educational providers in Neenah are pretty well known to EOP administrators but, especially in field site operations, employees periodically come up with new sources of education which must be researched by the company.

Certain activities are not eligible under either KimEd, FamEd, or both.

Activities not eligible under KimEd are:

- Courses taken primarily for supplementary income or diversion or which are clearly designed to prepare the employee for employment outside Kimberly-Clark (e.g. real estate licensing), except when the employee is within two years of retirement age;
- Courses which solely or primarily concern recreation: hobbies, crafts, sports, physical development, health, or travel unless part of an approved degree program;
- Courses in mind control, hypnosis, Transcendental Meditation, mental and spiritual renewal, and other areas pertaining to the psyche;
- Flying lessons;
- Home study courses which do not provide built-in checks for the student to determine progress and do not require submission of some part of the student's work for review;
- Courses in religion which are not part of an approved degree program and which can be considered related to voluntary activity in a religious group; and
- Courses in modeling, etiquette, poise, and social or recreational dancing, unless directly job-related.

Most of these ineligible pursuits under KimEd are also ineligible under FamEd with the exception of some craft and hobby courses which can be taken using FamEd funds (e.g. sewing).

Besides tuition, KimEd covers expenses for course books, registration,

fees, travel, living expenses, and books not required for courses, but which in general are related to the employee's job. It does not cover child care for employees pursuing education away from home. FamEd also covers off-campus housing and any item directly billed by the educational institution, such as books, fees, room and board, etc.

All requests for EOP funds must be approved by the employee's immediate supervisor and may be turned down only if two levels of management concur.

During the past four years, many "grey areas" have been noted in which eligibility of a course is not clear and must be determined at a level higher than the employee's unit. These cases come before the EOP Administrator. Where a precedent has not clearly been established, the EOP Committee established in 1974 bears overall responsibility for making a determination. (The Committee's work will be discussed in greater detail later in this report in the section on "Plan Administration".) An employee may always request to appeal an eligibility case to the Committee. According to the former Plan Administrator, the administration's attitude in the past toward questionable course requests has been to uphold the employee's request whenever possible unless specifically disallowed by the plan.

Although Kimberly-Clark employees use their KimEd dollars primarily to support job-related education (approximately 90%), there is a significant minority (approximately 10%) participating in cultural activities. As already stated, employees also use their FamEd funds for non-job-related activities which are not allowable under KimEd.

There are other benefits logically attributable to the inclusion of

cultural and non-job-related activities under the plan.

- Even though 90% of the participants' educational pursuits under KimEd are job-related, the fact that the plan does allow cultural pursuits may stimulate employee interest and encourage a closer look at the EOP, whether or not the employee ends up actually participating in a cultural activity.

- The liberality of the provision again reinforces the idea that the company is willing to invest in the employee's cultural interests -- that Kimberly-Clark believes in supporting employee development in areas other than those directly related to job performance.

- Through the pursuit of cultural or self-development endeavors, employees are keeping their minds stimulated and active. In the words of one employee,

> There's an advantage to Kimberly-Clark that its employees are using their mental abilities outside the job as well as on the job. Even if the activities aren't job-related, just the fact that the mind is active will contribute to the quality of the work done here. (Head Systems Analyst)

No Grade Requirement or Proof of Course Completion

Kimberly-Clark employees are not asked for proof of course attendance or completion. There is no minimum grade requirement. The company's philosophy on this is two-fold. First, elimination of a grade requirement removes one potential barrier to participation. The possibility of failure, especially semi-public failure, could deter some employees from participation. Second, trust in the employee to act honestly and in his or her own best interests is a cornerstone of the EOP. Although not requiring proof of course attendance or completion might, in some cases, invite misuse of the plan by some, Kimberly-Clark has chosen to rely on the integrity of its employees to use EOP funds as they were intended -- for educational purposes. The possibility always exists that an employee

might pay KimEd money for a course, drop out, and keep the refund, but corporate management has apparently decided that this risk is balanced by the elimination of the potential barrier to participation which tighter controls might represent.

In summary, the structural provisions of the EOP were designed to minimize barriers to participation and maximize flexibility to suit individual needs. The following list recapitulates the major provisions which have been discussed in this section.

1. Broad Participant Eligibility - allows participation by nonexempt and hourly employees--not limited to professionals.

2. KimEd Account - focuses on the employee's personal self-development.

3. FamEd Account - shows company's interest in the employee's concerns (e.g. family, cultural interests).

4. Advance Payment - eliminates financial barriers to participation in in educational activities which might occur if the EOP functioned on a reimbursement basis only.

5. Educational Leave Provisions - (KimEd and Extended) - provide flexibility for the employee to schedule a wider variety of educational pursuits.

6. Broad Activity Eligibility - allows non-job-related and cultural activities.

7. Coverage of Expenses Other Than Tuition - reduces "out-of-pocket" employee expenditures for items other than tuition which are associated with participating in educational activities. (e.g. transportation, books, room and board).

8. No Grade Requirement or Proof of Course Completion - eliminates fear-of-failure barriers and shows the company's trust in the employee.

## VII. PLAN ADMINISTRATION

Two important components of EOP administration are structure and attitude. Both aspects are crucial to efficient and responsive management of the plan. This section of the report outlines the structure of EOP administration within Kimberly-Clark. Where appropriate, attitudes of individuals directly responsible for the plan's management will be explored. Two other aspects of EOP administration will also be discussed -- plan promotion (both internal and external) and financing of the plan.

Until the fall of 1978, the Educational Opportunities Plan was located in the company's Education, Training and Development Department (ET&D Dept.). According to several company officials, this made sense during the plan's early years because individuals working in this department were instrumental in plan design and initial implementation. As an innovative and experimental program, the EOP was placed under the ET&D Department to establish it as a stable benefit with a routine administrative pattern.

In October 1978, as part of a larger reorganization, the EOP was moved out of the ET&D Department and into a newly created Employee Benefits Department. This department also administers certain other Kimberly-Clark benefits including various insurance programs, the retirement plan, an incentive investment plan,and the payroll function. Until this recent shift, there was a clear division between financial management of the plan, which was the responsibility of the company's Pension Department, and the substantive and promotional aspects of the plan which were administered through the Education, Training and Development

Department. This has changed with the establishment of the Benefits Department which has responsibility for all aspects of EOP administration.

The structure of EOP administration has not been altered by the department shift. It is carried out at three levels -- each with its own clearly delineated sphere of responsibility.

- The EOP Committee - responsible for overall plan administration, direction of plan-related publicity and public relations, and final determination of eligibility regarding "grey area" educational pursuits.
- The Plan Administrator - responsible for maintenance and control of plan accounts, coordination of EOP implementation and administration at the local level, screening "grey area" cases for the EOP Committee, responding to inquiries from outside sources, and acting as liaison between Unit Coordinators and the EOP Committee.
- Unit Coordinators - responsible for local level EOP administration, coordination between upper levels of plan management and supervisors and employees at the various unit sites, research on locally offered educational activities, maintenance of resource files of information on educational opportunities for employee use, and processing of administrative papers regarding the plan.

The EOP Committee

A look at the membership of the Committee provides some insight into the level of interest in the plan within Kimberly-Clark. The committee chairman, James Shipman, is a Senior Executive Consultant reporting to the Chairman of the Board. He has direct access to the Chairman and is a "special projects" person, responsible for cross-fertilization between various research programs and for interaction between the company and the local community. Larry Lancaster, another Committee member, is a staff Vice President in charge of Human Resources Development and Planning, an area which includes the Education, Training and Development Department.

The third member, Terry Timmons, is Manager of Infant Care Research and Development in the Consumer Service Products Division. All three members are highly supportive of the EOP and convinced of its importance as an employee benefit. It is through the "good judgement" of the Committee that the plan is administered, decisions on priorities in plan management are made, and directions for the future are determined.

One of the more important Committee responsibilities is to rule on "grey area" course requests. When the Unit Coordinator cannot determine the eligibility of an employee-requested educational activity, the request first goes to the Plan Administrator at the corporate headquarters in Neenah. Should the Plan Administrator not be able to resolve the matter it is then brought up before the EOP Committee. The Committee decides whether the activity is eligible based on similar cases in the past and on the members' interpretation of the plan.

This issue of eligibility initially caused some concern among plan managers at corporate headquarters. There was no EOP Committee for the first few months of the plan. Almost any activity was eligible for support. Shortly after the Committee was established, boundaries were drawn around the open field of eligible pursuits. This was done primarily in an effort to protect the plan from possible criticism as an unnecessarily liberal benefit. The Committee began compiling a record of decisions on grey area cases which might serve as precedents to build a clearer, more logical framework for determining eligibility. In the words of two committee members:

> There is a current concern that the appearance of frivolity under the plan be avoided.

> It's important to keep the cultural course aspect in mind and addressed so that it cannot be used to limit the plan in the future. If there was in the future a documented abuse of the program, I imagine that the program would be tightened up so that the abuses would be eliminated. The Committee is trying to anticipate possible abuses and to logically formulate some kind of structure with which determinations on eligibility under the plan can be made.

It has been the Committee's decision in the past to make information on the plan freely available without seeming to push the EOP at the local sites. As a result, there has been no follow-up with Unit Coordinators on participation rates. However, under Committee direction, a letter recently was sent from the Plan Administrator to the Unit Coordinators regarding the comparatively low rate of hourly worker participation under the EOP (9% hourly compared with approximately 30% overall). Unit Coordinators' opinions on why this is the case and on what might be done to improve participation were solicited. This is the first indication of Committee concern about use of the EOP at the unit level.

The Committee is also responsible for conducting follow-up and feedback studies of the EOP. Until recently, there had been no attempts to analyze effects of employee participation in the plan. According to the former Plan Administrator, this had not been a Committee priority, given the fairly short history of the plan. This rationale was echoed by a Committee member who felt that the Committee purposely did not do any follow-up and analysis because the plan was too new and the Committee wanted to see whether the high participation rates of the early years would continue. In his words, they wanted to see whether it was a "flash in the pan" or not.

This stance appears to be changing. In recent Committee meetings there has been some attempt to quantify the plan's effects on employees and the company. Under Committee direction, a study is under way to determine whether the same employees have taken courses during the four years of the plan's existence or whether different employees have used the plan each year. This new effort at analyzing some of the available computer data has become a pricrity. This change in emphasis is attributed by Committee members to the increasing maturity and stability of the plan which allows for more meaningful statistical analysis of its effects. Knowledge currently being sought will help the Committee members decide what other types of data should be available and how this data could be generated.

The EOP Committee administers the plan in a very open manner. Unit Coordinators rotate attendance at Committee meetings. They may request to attend a meeting if a case concerning their unit is to be discussed. Occasionally unit supervisors sit in on the meetings to observe first-hand what goes on. Employees and supervisors have sent letters to the Committee on various issues. These letters are always discussed by the Committee and responded to in writing. According to one Unit Coordinator, there is no employee reluctance to send a case to the Committee. In her words:

> I think that the people feel that the Committee is just a group of employees who have the responsibility to make decisions in this area.

Although this assessment appears somewhat simplistic given the level of Committee members within the company and the very real degree of control the Committee has over the plan, it does indicate the atmosphere of acceptance and openness in which the Committee functions.

The Committee's work begins where the plan structure, as written, leaves off. Given the personal interest in the plan by senior Kimberly-Clark officials, it makes sense that the Committee is concerned primarily with clarification and promotion of the EOP, not with modification of its provisions. The Committee's job is to make sure that the plan runs smoothly, and to leave its basic innovative construction intact. Within these parameters, however, the Committee has considerable latitude in making decisions regarding the plan. The Committee is concerned with quantity, as measured by employee participation; quality, as represented by the plan's structural features; and the process of administration, which can affect both of these aspects and helps create the "atmosphere" surrounding the plan.

Plan Administrator

Shifting the EOP to the new Benefits Department brought an additional change. The former Plan Administrator, a 32-year veteran of the company who helped to design and implement the EOP, moved full-time into corporate recruitment. The current Plan Administrator has been with Kimberly-Clark for four years.

In addition to the personnel shift, several changes were made in the responsibilities attached to the position. As this case study is concerned with determining possible reasons for the plan's success, the discussion will focus primarily on the job as carried out since 1974 by the former Plan Administrator.

> Position Purpose - (To) Contribute to the profitability of the Corporation by....directing the Educational Opportunities Plan to achieve maximum employee utilization and by creating

an image to outsiders (through promotion and publicity of the plan) that Kimberly-Clark is indeed a progressive, far-sighted, successful enterprise. (Educational Opportunities Plan Administrator position description, 1974)

In the language of the job description (paraphrased in some cases) the Administrator would:

- Update plan administrative procedures;
- Develop and maintain effective relationships with outside organizations interested in the plan;
- Act as catalyst and special counsel to the EOP Committee Chairman and members, and act as Secretary to the EOP Committee;
- Use acquired expertise to interpret the EOP for all managers and employees, thereby screening questions and problems initially directed to the Committee;
- Generate promotional efforts supported by the Committee to sustain the national reputation as the outstanding industrial educational assistance plan. Promote and publicize the Educational Opportunities Plan internally to maximize appreciation and participation and externally to create a desired corporate image as well as to cause others to adopt all or part of the plan;
- Develop and maintain an up-to-date bank of information on outside educational resources and, through Unit Coordinators, approve organizations which conduct educational programs;
- Act as corporate representative on various advisory panel groups concerned with the development of employee educational assistance programs. Where and when appropriate, through these activities, promote the EOP to enhance the image of the company;
- Develop and maintain effective working relationships with various area schools to assure continuing programming in support of EOP goals; and
- In general, provide corporate direction and coordination of the EOP to assure effective, equitable use of the plan in encouraging and supporting employee self-development throughout the company.

The original Plan Administrator fulfilled all of these responsibilities and helped make important decisions regarding the plan. In addition, he acted as the official spokesman for and "booster" of the plan both internally and externally.

With the departmental shift, the new Plan Administrator's job has become a full-time position. Primary emphasis has shifted away from promotion and representation of the plan toward a concern with maintenance of plan accounts and bookkeeping/financial accounting aspects.

Although the current Plan Administrator retains many of the responsibilities of the earlier position, this shift in emphasis results in a more closely defined sphere of activity and limited options for administrative initiative in some areas. These changes suggest that, while in the early stages of plan implementation, maximum flexibility and individual initiative were essential, the current perception at Kimberly-Clark is that this kind of high-profile direction is less necessary.

Unit Coordinators

> Although the Unit Coordinator position is fun in some respects, it's very tedious and has a significant amount of time-consuming paperwork attached to it. (Former Plan Administrator)
>
> I like the job. I like dealing with people and the fact that they keep me informed of their self-development progress and on their educational activities under the plan. (EOP Unit Coordinator)
>
> I think that the EOP is fantastically successful. I'm extremely proud of it and I try to communicate this pride to the employees. I really like to talk to people, to meet and interact with them, and the Unit Coordinator position is a great opportunity to do this. (Former EOP Unit Coordinator)

It is at the Unit Coordinator level that the plan is actually managed in direct contact with individual Kimberly-Clark employees. There are

32 Unit Coordinators for the EOP, each responsible for a distinct group of eligible employees. Ten Unit Coordinators are located at the corporate headquarters and Kimberly-Clark production facilities in Neenah. The rest are located at the company's local units which range from a mill in Arkansas to a group of field sales representatives scattered across the country. Units may be grouped by geography or by subject area and type of work. Most employee questions on the plan are handled through the employee's immediate supervisor or the Unit Coordinator. Administrative duties of Unit Coordinators include answering questions on course eligibility, working with employees on the mechanics of filling out assorted administrative forms, and collecting and distributing information on specific educational resources available locally. Most of a Unit Coordinator's EOP time is spent processing administrative paperwork and researching local educational offerings.

Unit Coordinators on the average devote about 10% of their time or half a day per week to EOP business. Because employees in field sales are so spread out, Unit Coordinators for these units spend close to 50% of their work week on EOP business.

"Unit Coordinator" is not a job title but rather a function which is attached to a number of different jobs. Some Unit Coordinators are clerical and some are management employees. Most are in the personnel field. When the plan began, the Unit Coordinator function was assigned to the company's Personnel Representatives. Because they were familiar with the administration of personnel programs, these representatives were the logical choice for the first Unit Coordinators. According to one employee, the Unit Coordinator designees supported the EOP all the way philosophically. They recognized its importance as an employee benefit, but they already had

so many personnel responsibilities that they weren't too excited about taking on the administration of the EOP. As a result, the responsibility for managing the plan shifted to the support staff attached to the Personnel Representatives. Eventually the Unit Coordinator title also shifted to those people who were actually doing the work.

With the introduction of the plan, Unit Coordinators were assembled for an orientation session. There has been one additional meeting of the entire group since, and another specifically for Neenah-area Coordinators. When the plan was first introduced, the Unit Coordinators studied the comprehensive plan manual prepared by the design team and learned (basically through trial and error) how to manage the plan for their unit. Now a Unit Coordinator trains a new Coordinator before he or she leaves.

Each Unit Coordinator handles the job a little differently; because the plan is relatively new, there is room for individual styles to emerge. Coordinators talk about these personal touches:

> I set up a resource library in the central corridor of the unit so that it is accessible to all employees.
>
> When employees complete a course of study which results in a degree, I make a point of letting the employee's department head know that the individual's self-development goals have been achieved, at least in this respect.
>
> Part of my routine is to meet monthly with new people in the unit who have become eligible during that month. I don't just orient them to the plan; I stress the importance of it and encourage them to use it.
>
> I have developed my own forms to supplement the standard forms which they (Central Plan Administration) send us. I have different forms for different purposes, mostly to remind employees that they need to attend to their EOP accounts in one of a number of ways, for example, to close an account out after a specific educational activity is over.

In summary, the Unit Coordinator function, although highly clerical in many respects, is broad enough to allow a significant degree of personal initiative. It requires research, organizational and interpersonal relations skills in addition to clerical competence. Unit Coordinators are in a position to be extremely helpful to Kimberly-Clark employees by providing crucial support services and encouraging participation in educational activities. By the same token, if the Unit Coordinator position is handled with minimal initiative and strictly as a bookkeeping/librarian function, the employees in that Unit are likely to receive a much less positive view of the plan.

Support services specific to the EOP are provided either by the Unit Coordinator, through help with locating available and useful educational resources, or by the employee's supervisor through the "counseling" function which occurs as part of a self-development plan review and general discussion of the employee's educational pursuits.

The three tiers of plan administration covered in this section, combined with computer, clerical, and accounting support, represent a substantial investment in the program. Some managers feel that this extensive administrative superstructure is a barrier to the adoption of all or part of the plan by other companies. In the words of one EOP Committee member, "They see what we've done here, and it scares them off". (See "EOP Replicability" in the "Perspectives on EOP Success" section of this report.)

Plan Promotion

At this point, it seems appropriate to take a look at plan promotion, one of the most important ways in which corporate attitudes toward the EOP

can be communicated and employee attitudes affected. At Kimberly-Clark, promotion has been used to create excitement about the plan as well as provide necessary information.

Kimberly-Clark employees seem at least aware of the Educational Opportunities Plan, whether they use it or not. The level of knowledge at Kimberly-Clark headquarters in Neenah is very high. All of the employees interviewed knew the plan existed and were aware of their own eligibility status.

It is possible, however, that this impression might not be true at other Kimberly-Clark sites. Because of the large number of Unit Coordinators located in Neenah and because sponsorship of the EOP is based at the corporate headquarters, it is likely that EOP awareness is higher there than in other sites around the country.

In 1974, before the plan was first introduced, the design team put together an internally directed public relations effort. All eligible employees in every unit were oriented to the plan by an audio-visual slide presentation. In addition, an introductory booklet entitled, "Money for Education" was distributed.

Since this initial orientation effort, newly eligible employees have been introduced to the plan by their Unit Coordinator. How this is done is up to the Coordinator, but it is the responsibility of the Coordinator to make sure that all eligible employees in the unit are aware of the EOP.

Employees receive periodic reminders about the EOP through:

- A yearly bulletin on the new multiplier figures for determining allotment amounts;
- An annual statement of EOP accounts and balances separate from other benefit statements;

- An annual announcement of the interest level on FamEd accounts;
- Various bulletins as necessary on updated guidelines for educational activity eligibility under the KimEd portion of the plan; and
- Special EOP announcements -- for example, amendments to the plan, summaries of participation rates for the year by type of activity and payroll group, corporate expenditures on plan activities, reminders of due dates for self-development plans, and information on useful reports or articles regarding specific types of educational activities (e.g. home-study courses).

Bulletins about the plan are distributed in bulk to Unit Coordinators who disseminate them to individual employees or department heads. Bulletins are distributed by mail, in person, via bulletin boards, etc., as the Coordinator or department head sees fit. This information system is an administrative priority. One of the Plan Administrator's specific responsibilities is to "promote and publicize the Educational Opportunities Plan internally to maximize appreciation and participation..." (former Plan Administrator's position description).

In addition to company-directed promotional efforts, many supervisors and Unit Coordinators take it upon themselves to encourage employee participation. For example, one personnel director makes a special effort to promote the plan by encouraging personnel offices throughout his division to "talk it up". In his own department, degrees earned by employees are publicized as one way of drawing attention to potential benefits of the plan.

This across-the-board acceptance and promotion of the plan is not without flaws. During the on-site interviews, one example of an employee "falling through the cracks" came up. A Unit Coordinator discovered an employee who was not aware of her eligibility under the plan, although

she wanted to participate she believed she was not at a high enough level to qualify. In the Unit Coordinator's opinion, this situation was intentionally created by an uncooperative supervisor who meant to withhold information from employees so that they wouldn't use work time to attend seminars. Fortunately, the supervisor was responsible for only a few employees and the Unit Coordinator was able to make sure that these employees were all aware of their eligibility under the plan. This example, although not a common occurrence, illustrates the importance the attitudes of Kimberly-Clark supervisors have on plan participation. Whether out of personal conviction or in an attempt to support company priorities, most supervisors and administrators at Kimberly-Clark seem committed to encouraging EOP participation.

As noted earlier in regard to the Plan Administrator's job description, external promotion of the EOP has also been stressed as important to establishing the company's image as a

> progressive, far-sighted successful enterprise...(with)... the outstanding industrial educational assistance plan.

During the five years since the plan's introduction, articles on the EOP have appeared in an array of periodicals and newspapers both in Northeastern Wisconsin and nationally. The company has responded to over 600 requests from other companies for information on the EOP. The former Plan Administrator has made numerous presentations to groups interested in educational assistance programs. Although external promotion probably does not have as much direct impact as internal promotion on plan participation, the company's emphasis on the EOP as a unique, innovative, and special benefit

for its employees may affect how those employees perceive not only the EOP, but their employer and their jobs as well.

Currently, external promotion may not have as high a priority as it once did. However, management apparently will continue promoting the plan as a model for other companies. According to the former Plan Administrator, the main reasons that the company participated in this case study were (1) to provide publicity for the EOP and (2) to provide an impetus for other companies to recognize the validity of the plan and consider its benefits for their own organizations.

EOP Financing

According to the corporate records, KimEd payments during the 1977 plan year were approximately $550,000 (See Exhibit A). Total allotments for individual employee accounts were $3,500,000. The basic FamEd allotment, 25 percent of the KimEd amount, was approximately $875,000. About $280,000 was actually paid out under FamEd. These figures do not include management costs such as: salaries of the Plan Administrator, clerical support staff, and Unit Coordinators; EOP Committee members' time; computer services; promotion; and the initial establishment of the plan.[13]

Financial expenditures under the plan are budgeted by division. Each division has its own EOP budget from which funds are withdrawn for the education of employees within the division.

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[13]According to a Kimberly-Clark employee who was responsible for the financial analysis of the plan for the original proposal, the cost of the plan was not a major consideration in the decisions then being made on EOP design. However, as it was necessary to include some gross estimates in the package, the employee was given the job of coming up with educated guesses for overall costs. These projections, for the years 1974-1977, turned out to be extremely close to the actual cost figures for this period.

EXHIBIT A

EOP FINANCING

Kimberly-Clark Dollars Paid*

| | 1977 | 1976 | 1975 | 1974 |
|---|---|---|---|---|
| KimEd | $548,318 | $581,106 | $599,722 | $599,169 |
| Basic FamEd | $276,269 | $228,598 | $178,816 | $ 98,171 |
| Savings Incentive | $ 31,175 | $ 23,241 | $ 18,235 | $ 7,812 |
| Total | $855,762 | $832,945 | $796,773 | $705,152 |

* These figures are dollars paid out to employees for educational expenses under the EOP as opposed to dollars allocated to employees' accounts at the beginning of each plan year.

## VIII. EOP PARTICIPATION

To our knowledge, Kimberly-Clark's Educational Opportunities Plan has the highest documented rates of employee participation of the country's private sector educational assistance programs. The average participation rate nationally for such plans is around four percent. The overall average for EOP participation (KimEd) for the 1977 plan year was approximately thirty percent.[14] This level of employee use has been fairly constant since the EOP's inception in 1974.

By examining figures from the corporate files (Exhibit B), several statements can be made about the major trends in EOP participation.

- Participation rates for exempt employees are somewhat higher than those for nonexempt employees.
- Hourly employees across the board seem to be taking less advantage of the plan than their exempt and nonexempt counterparts.
- A substantial number of K-C employees make use of the savings aspect of the FamEd account.
- An overwhelming majority of employees who are using their KimEd accounts participate in job-related educational activities (90 percent of dollars paid are for job-related activities compared to 10 percent for cultural activities).
- Hourly employees have a comparatively higher rate of participation in non-job-related pursuits.

Based on five years of EOP operation, Plan Administrators, Unit Coordinators, Kimberly-Clark management and the employees themselves have developed their own hypotheses of why participation rates vary as they do. The figures in Exhibit B suggest several central questions in this area.

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[14] Participation rates vary above and below this average figure for specific geographic areas and specific employee groups.

EXHIBIT B

EOP PARTICIPATION (using employees as % eligible)

(1) KimEd and /or FamEd

| | Plan Year* | | | |
|---|---|---|---|---|
| | 1977 | 1976 | 1975 | 1974 |
| Exempt | 52.8% | 54.6% | 51.9% | 49.9% |
| Non-exempt | 43.6% | 43.3% | 45.8% | 41.4% |
| Hourly | 13.9% | 13.9% | 12.7% | 11.1% |
| Average** | 37.3% | 38.0% | 36.9% | 34.4% |

(2) Participation by Account Type

| | Plan Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1977 | | 1976 | | 1975 | | 1974 | |
| | KimEd | FamEd | KimEd | FamEd | KimEd | FamEd | KimEd | FamEd |
| Exempt | 41.8% | 20.7% | 43.8% | 20.5% | 44.3% | 17.7% | 43.4% | 15.2% |
| Non-exempt | 37.0% | 12.4% | 36.8% | 13.8% | 39.7% | 15.0% | 36.3% | 11.2% |
| Hourly | 9.0% | 6.2% | 9.5% | 5.8% | 9.3% | 4.6% | 8.5% | 3.5% |
| Average | 29.6% | 13.6% | 30.5% | 13.9% | 31.1% | 12.5% | 29.6% | 10.2% |

* Starting July 1 of year indicated.

## EXHIBIT B

## EOP PARTICIPATION

(3) KimEd Usage by Type of Activity
(% of dollars paid)

| | Plan Year | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1977 | | 1976 | | 1975 | | 1974 | |
| | Non-tax*** | Taxable | Non-tax | Taxable | Non-tax | Taxable | Non-tax | Taxable |
| Exempt | 95.0% | 5.0% | 95.7% | 4.3% | 95.7% | 4.3% | breakdown Not available | |
| Non-exempt | 81.6% | 18.4% | 81.9% | 18.1% | 81.4% | 18.6% | | |
| Hourly | 72.5% | 27.5% | 69.0% | 31.0% | 65.5% | 34.5% | ____ | ____ |
| Average | 89.5% | 10.5% | 89.7% | 10.3% | 89.0% | 11.0% | 83.8% | 16.2% |

(4) Percent Eligible Employees Opting for Savings Aspect of FamEd Account****

| | Plan Year | | | |
|---|---|---|---|---|
| | 1977 | 1976 | 1975 | 1974 |
| Exempt | 61.2% | 63.4% | 65.7% | 65.9% |
| Non-exempt | 35.7% | 36.6% | 38.6% | 41.0% |
| Hourly | 21.7% | 21.9% | 22.0% | 23.7% |
| Average | 41.1% | 42.5% | 43.9% | 45.1% |

*** Dollars used for job-related courses are categorized as non-taxable. Cultural and personal interest courses which are not job related are subject to tax. This may change in 1979 in response to new legislation from Congress.

**** Of the eligible employees signing up for the FamEd payroll deduction -- about 95 percent contribute the upper limit of the deduction, $200, to the FamEd account.

Why does KimEd participation peak with exempt employees (around 42 percent in 1977) and bottom out at a much lower level (approximately 9 percent in 1977) for hourly workers? According to conversations with Kimberly-Clark employees, there are a number of factors at work here. Exempt employees tend to be professionals in management, scientific research, or highly technological disciplines. It is a fact that the Kimberly-Clark units which have the highest proportions of Research, Development, and Engineering (RD&E) employees also have the highest rates of EOP participation. For example, in one unit in Neenah with a large population of RD&E people, 78 percent of the eligible workers are making use of the plan. (Note: 30 percent was the overall average participation -- specific unit rates vary above and below this figure). Possible reasons for this relationship include:

- Depending on local educational offerings, a greater variety of courses in technological fields may exist. For hourly or nonexempt workers, courses related to a support service job might be more limited.

- RD&E people seem to have a stronger need for courses which allow them to keep up with constant changes in their specific fields -- the plan provides a good opportunity to do this.

- Previous experience with the RD&E plan may have had an educational conditioning effect.

- Professional personnel tend to work regular hours as opposed to sales personnel (mostly exempt) who have difficulty) planning a course into their flexible schedules. In addition, shift operators (primarily hourly employees) also have difficulty matching a regularly given course to a rotating shift-work or night-work pattern. Although these workers are able to participate in correspondence courses under the plan, their schedules limit their options to take advantage of most regularly scheduled courses given at educational institutions.

- It is an accepted fact that the higher the educational level already attained by the employee, the more easily he or she will be able to fit back into a formal learning environment.

(Ivan Charner et al., 1978) Hourly employees tend to have lower levels of educational attainment than exempt employees.

- A large number (2,200) of the company's exempt and non-exempt employees are located in Neenah at the corporate headquarters. Most hourly employees are in mill and plant sites outside Wisconsin. Because of the concentration of plan administration (10 of the 32 Unit Coordinators) and support services (well developed relationships with local educational institutions and high profile of the company and EOP locally) in the Fox River Valley, it makes sense that greater opportunities for and encouragement of plan use would occur there.

- One potential incentive for employees to pursue further education, especially job-related education, is to advance within the company. For many hourly employees advancement is based on seniority. According to plan management, when a worker is in a fairly fixed line of progression, there is less incentive to use education as a tool to improve job-related skills.

Why do participation rates seem to be higher for KimEd activities than FamEd Activities?

Although the figures in Exhibit B (2) seem to indicate that more employees are taking advantage of their KimEd accounts, this is not actually true. Over 40 percent of all employees eligible under the EOP are taking advantage of the FamEd option by contributing part of their salaries to the personal savings portion of the FamEd account (see Exhibit B (4)). This rate of employee investment is higher than the average usage rate for KimEd (30 percent). The figures indicate that an average of only about 14 percent of the eligible employees withdrew FamEd dollars for educational activities in 1977. According to plan managers, most of these withdrawals were for family members, not Kimberly-Clark employees themselves, and were used to cover immediate educational expenses during the plan year rather than saved for larger expenses (such as college tuition

and fees of family members) at a later date. In other words, the majority of employees with FamEd accounts are allowing the accounts to build from year to year for future use.

The level of participation in non-job-related educational activities rises substantially from exempt to nonexempt to hourly employees. Why?

In Exhibit B (3), we see that almost 28% of KimEd funds used by hourly employees support activities which are not job-related (taxable expenditures). This figure drops to approximately 18% for nonexempt employees and nose-dives to 5% for exempt personnel. Some explanations for this variation have already been cited: limited job-related courses available for production workers; less incentive to use education as a lever to job advancement due to seniority systems; and reluctance on the part of hourly employees, with comparatively lower prior educational attainment, to return to an academic environment. Cultural courses may be regarded as less "academically threatening" by these hourly workers.

Several of these reasons also apply to nonexempt employees. Job-related activities available to clerical and other support workers are more limited than those for most exempt workers. Many Kimberly-Clark nonexempt workers are, however, participating in courses specifically designed for their careers. For example, in one corporate headquarters office, five nonexempt employees are using EOP funds toward professional secretarial certification. Another possible contribution to the higher interest in job-related activities is that promotions for nonexempt employees are not based on seniority, as they are for some hourly workers.

It is interesting to note that while the comparative levels of taxable (non-job-related) and nontaxable[15] (job-related) participation have remained stable since 1974 for exempt and nonexempt employees, hourly employees have steadily increased their participation in nontaxable (job-related) courses (from about 66% in 1974 to almost 73% in 1977). The factors contributing to this trend are not known. Whether it will continue remains to be seen.

What are some of the other possible factors which could affect participation under the plan?

There are several. Site location and proportion of hourly workers have already been mentioned. Participation rates are higher in the Neenah area. In terms of participation, five of the top ten Kimberly-Clark units (of 100 or more employees) are located in and around the corporate headquarters at Neenah. Only exempt and nonexempt employees eligible for the plan are in the other five units. The absence of hourly workers also tends to keep participation rates up. Of the eight units (of 100 or more employees) with the lowest EOP participation rates, five have an overwhelming majority of their eligible employees in the hourly category. An additional two units are made up of sales representatives who, because of their mobility and geographic isolation from the rest of the company, find it more difficult to participate in regularly scheduled educational activities.

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[15] Recent legislative action by Congress affects the tax status of employer-provided dollars for education, by exempting from tax all funds applied toward educational activities (tuition only) whether job-related or not. Prior to this enactment, non-job-related expenditures were considered taxable and plan records reflect this distinction.

Regional location by itself does not seem to have as clear-cut an impact on participation rates as do these other considerations. Units in both groups - high and low participation - are located in the South, in New England, and in several other areas of the country. It is only when a unit is located in the Fox River Valley in Wisconsin that across-the-board participation is high, suggesting that factors other than pure geography are at work.

Plan statistics show that use of the EOP is approximately equal for all age groups. The commonly held supposition that older workers are more reluctant to return to school is not supported by Kimberly-Clark's experience. As noted earlier, one deterrent to participation may be the educational levels of employees. While this may have an impact on participation, it does not affect rates based on age alone.

The effectiveness of the Unit Coordinators and on-site managers in developing good working relationships with local educational institutions and in providing promotion and support services for the plan could have a substantial effect on employee participation. Local Unit Coordinators and on-site managers can create an atmosphere that either encourages or discourages EOP use. In Neenah, Unit Coordinators and on-site managers are overwhelmingly positive about the plan. Whether this is true to the same degree at other sites is not known, although a telephone conversation with plan administrators at a Kimberly-Clark plant in Conway, Arkansas, indicated that they shared the excitement about the EOP found at company headquarters.

Extended Educational Leave Provision Participation

Regarding the lack of participation in the Extended Educational Leave aspect of the plan, the former Plan Administrator indicated that during the past four years, requests for extended leave simply had not been submitted by employees. He guessed that the KimEd leave provision (up to two weeks) meets most employees' needs. Although this explanation makes sense for employees who wish to participate in short term educational activities, EEL is Kimberly-Clark management's response to a perceived need for a longer term, subsidized educational option. There are three possibilities for the low usage of the EEL provision. Either:

1. The need does not exist among Kimberly-Clark employees for such an educational option; or

2. The need does exist, but barriers to utilization of the EEL have, during the past four years, discouraged participation. Such barriers might include a lack of publicity, supervisor discouragement from participation, employee perception that the review procedure is too difficult, etc. Whether these barriers actually exist is not clear; or

3. Long-term training needs are reportedly being served through company-directed participation in educational activities, thus reducing the occasions for employee-initiated leaves.

In summary, participation in the EOP (excluding the Extended Educational Leave portion) is extremely high. Most employees, administrators and users alike, are aware and appreciative of this high level of use. In conversations with the three EOP committee members and the former and current Plan Administrators, only one concern was repeatedly voiced: although hourly workers' current participation rate in KimEd represents a ten-fold increase from the one percent rate under the original, more traditional, tuition aid plan, the company would like to see them more involved in personal self development activities. According to one Committee member,

> It is very serious if you are offering a benefit that a worker cannot take advantage of. This leads to employee frustration with the plan and with the company. It is important to try to open the plan up more to hourly workers and to show them that there are advantages in taking part in these educational opportunities.

In an attempt to address this concern, the EOP Committee directed that a letter signed by the current Plan Administrator be sent to all Unit Coordinators soliciting their views on the problem and their suggestions for increasing hourly worker participation.

## IX. PERSPECTIVES ON EOP SUCCESS

There are two reasons that participation has increased so dramatically. First of all, the company -- from Dar Smith's office on down -- has heavily promoted the Educational Opportunities Plan. I believe that has helped significantly. The other reason, in my opinion, is that it's easy for any employee to see that the company is spending a fair amount of money -- and is more than willing to spend this money, to invest in their talents and their future -- because their future is the future of Kimberly-Clark. (Former President of Kimberly-Clark)

In terms of benefits, I expect the employer to provide health, life insurance, sick pay, leave, etc. These are almost given at this point. The EOP is a really exciting difference. Even if I expected a tuition aid plan, I would never expect the liberality of the EOP, especially the FamEd part. Also, the EOP is a benefit that I use intentionally and in a positive mode as opposed to other benefits which are not always seen when they are used and which may imply a negative result when they have to be used (e.g. life insurance). The plan is positive and as a result is more motivating. I see it when I use it, because I have so much responsibility in determining how the allotment will be spent. (Head Systems Analyst)

The plan was something that the top-level officials of the Corporation wanted to do. It was basically that simple. They wanted a feel for what it would cost, but the decision was not made on that basis. (Corporate Staff Member)

### How is Success Defined?

Definitions and measurements of EOP success varied among those interviewed. For example, in the opinion of Kimberly-Clark management, one of the determinants of success is whether the EOP is an attractive benefit in recruitment efforts. For an employee, a crucial measure of success might be whether the plan provides convenient course scheduling. A local educational institution might be measuring success in terms of how many students the plan brings into its programs. A success measure crucial to one of these three groups may have little importance to the

others. With this in mind, a composite picture can be constructed which includes a variety of possible effects. (See Exhibit C)

From the company's point of view the primary indicator of EOP success is participation. Employee participation rates serve as empirical indicators of the degree to which the plan fills the educational assistance needs of the company's eligible workforce. Other measures such as employee advancement, production levels, internal promotion, and recruitment might also be useful in analysis of EOP impact, if combined with nonempirical, qualitative information on employees' experiences.

Plan managers have maintained in the past that the EOP has not been operative long enough to measure success in terms other than participation. Priorities are currently shifting, however, toward expanding the variety of valid measurements of EOP effects.

> In our three years we have not put any firm quantitative measures on the plan's outcomes. I'd like to say that the fact that we have had five straight record-breaking years in sales and earnings was, for the last three years, due to the enthusiasm with which our employees accepted the EOP. But I can't really say that and quantify it. (Former Kimberly-Clark President)

In addition to participation, which is really the only empirical measure of success, there is anecdotal testimony to the positive impacts of the plan.

> I've never heard of any complaints on the plan. This is highly unusual for a benefit and to me is a measure of the plan's success. (Member, EOP Committee)

> In my opinion, the plan is successful because I see employees pursuing interests under it which they would not normally have pursued, both in vocational and personal areas. (EOP Unit Coordinator)

> My perception, from talks I've had with the people in my department, is that employees feel the EOP is a tremendous benefit. (Division Personnel Director)

> In my estimation, the plan is very important in recruiting although this hasn't been measured in any empirical way. (Kimberly-Clark Recruitment Manager)

EXHIBIT C

| Sector | Possible EOP Effects |
|---|---|
| The Company | • improvement of the company's efficiency through the development of a mentally active, highly qualified workforce<br>• encouragement of employee satisfaction with the company and enhancement through this of employee loyalty<br>• aid in recruitment<br>• improvement of employees' ability to meet family educational needs encouragement of interactions between employees and supervisors<br>• development of a desired corporate image<br>• provision of a "model" plan to lead other companies toward expanding educational access for adults |
| The Employee | • opportunity to expand job-related knowledge and abilities<br>• personal improvement through skill and knowledge development<br>• potential job or career advancement and promotion<br>• improvement in ability to provide for family educational needs |
| Local Educational Institutions | • bolstering of sagging enrollments with both working students and spouses of employees<br>• encouragement of other area firms to adopt similarly liberal educational assistance plans |

> Kimberly-Clark's EOP has had a great impact on relaxing the rigidity of other area firms' educational assistance plans. I can't prove this but I feel it strongly based on the changes I've seen in the "job-relatedness" requirements of other firms' plans since the EOP's introduction. As far as effects of the EOP go, I think that employed students will continue to fill our graduate school program, our undergraduate program will increase opportunities for part-time students, and continuing education, nondegree, noncredit programming will continue the substantial growth we have seen recently. (Dean, College of Business Administration, University of Wisconsin/Oshkosh)

> Plan management currently defines success in terms of participation rates. Any other definitions of success are too difficult to document. In many ways their conviction that the plan works is an act of faith. The belief is that the greatest sense of wholeness for employees makes better workers, that better workers will make a better company, and that this all comes out in the bottom line of higher profits. (Director, K-C Education, Training and Development Department)

Direct observation and testimonials indicate that the EOP is having at least some degree of positive impact on all of the objectives listed in the previous section. However, it is difficult to determine the exact level of effect on the basis of subjective and anecdotal testimony. On-site observation is more useful, but also has questionable validity in determining the extent and degree of specific effects. The combination used in preparing this report--empirical participation rates, and documentation, researcher observations, and anecdotal testimony--provides a clearer picture of the EOP's positive effects than any of these measures used separately.

## Summary of Factors Contributing to EOP Success

Kimberly-Clark's Educational Opportunities Plan is far ahead of most educational assistance plans both in design and administration. The EOP has been tailored to fit the specific needs and attitudes of the company and its employees. A number of innovative provisions, outlined earlier in this

report, provide the flexibility necessary to allow employees to pursue educational opportunities according to their own self-development priorities. In addition to a flexible and innovative structure, the three-level system of EOP administration (EOP Committee, Plan Administrator, Unit Coordinators) assures that employees receive constant information and assistance in utilizing the plan. Finally, strong and obvious corporate commitment to the EOP and education in general provides a solid base upon which the plan rests. As evidenced by EOP employee participation rates, all three of these factors -- innovative plan structure, an extensive system of information and advisement, and a supportive corporate environment -- combine to create a climate in which employee participation in educational activities thrives. Exhibit D illustrates these major factors which contribute to the success of the EOP, and also lists several additional factors which influence the level of employee participation in the plan.

EOP Replicability

Can the EOP be replicated in other settings? An important question is whether the EOP works only as a complete package or whether various pieces might be separated out and used in other corporate settings.

Kimberly-Clark plan managers suggested two possible barriers to the adoption of similar plans by other companies.

- The EOP may be too comprehensive and innovative. Its administrative structures and management systems are costly and extensive. The Chairman of the EOP Committee feels that once other firms realize the complexity of the EOP, they are frightened away from attempting similar programs.

- It would be extremely difficult for a plan of such magnitude to be introduced into a company from any direction other than from the top down. Most of the requests for information on the EOP

EXHIBIT D-1

EOP SUCCESS FACTORS

Major Factors in EOP Success

I. Plan Structure -- The EOP's comprehensive, flexible provisions and its adaptability to meet a variety of corporate and individual employee needs.

A. Broad Participant Eligibility
B. KimEd Account
C. FamEd Account
D. Advance Payment Provision
E. Educational Leave Options (KimEd and Extended)
F. Broad Activity Eligibility (non-job-related and cultural activities)
G. Coverage of Expenses other than Tuition
H. No Grade Requirement or Proof of Course Completion

II. Plan Administration -- Three levels of EOP Administration assure that eligible employees receive information and advisement about the benefit, about educational opportunities, and receive assistance in utilizing the plan.

A. EOP Committee
B. Plan Administration
C. Unit Coordinators

III. Corporate Environment -- The strong support of the EOP by top management creates an atmosphere at Kimberly-Clark conducive to employee participation in the plan. In the words of one EOP Unit Coordinator "It seems like management here is truly concerned with all of the employees. Trust in the employee is central to the EOP".

EXHIBIT D-2

Additional EOP Success Factors

- Cooperation of Local Educational Institutions

  In the Neenah area, and in Wisconsin in general, efforts on the part of local education institutions to create options in course location, scheduling, and content have certainly contributed to increased participation of adult workers in educational activities under the EOP.

  Kimberly-Clark's development of positive working relationships with these institutions may have encouraged their willingness to expand offerings.

- Social Atmosphere

  Kimberly-Clark employees are used to participating in Kimberly-Clark sponsored events and to socializing with other employees in a variety of situations outside of the office. The EOP fits in with the company's generally strong, positive internal image of a socially conscious employer.

- Eligible Employee Pool

  The pool of Kimberly-Clark employees eligible for participation in the EOP includes a large number of research and development and professional employees. As discussed earlier in this report, these types of employees would be more likely to participate in additional educational activities than would blue-collar, hourly employees.

> have been from mid-level managers in the personnel or education and training departments of other firms. In the opinions of EOP administrators, it would take strong commitment on the part of top management in order to "pull off" any education plan with a level of complexity similar to the EOP's.

According to a member of the initial EOP design team,

> There is no way to show the bottom-line relationship and it is difficult to communicate the plan's positive effect on Kimberly-Clark workers to other companies. In order for other corporations to catch on and adopt some or all of the provisions of the plan, it's my guess that the personal testimony of top executives of Kimberly-Clark might carry more weight than anything else.

It was generally agreed by Kimberly-Clark managers that a concern for employee development would likely be a major factor behind a company's decision to develop a plan similar to the EOP. Another motivating factor might be a requirement for a highly trained and technically up-to-date workforce. Fear of knowledge obsolescence among employees might spur other companies to at least try this type of plan in their research divisions and build employee eligibility from there if it seemed to work.

Kimberly-Clark's EOP is not the "perfect" tuition aid plan. For example, although the EOP does provide educational leave, Kimberly-Clark has chosen not to emphasize flexible work scheduling or more on-site courses to achieve greater EOP participation. There are some indications that these adjustments might have a positive impact on certain groups of workers (primarily hourly employees on shift work).

Also, working parents have difficulty in taking advantage of the EOP to pursue further education. Coverage of child care expenses and promotion of flexible scheduling options could encourage participation from this group. The company does not seem to be exploring structural solutions to

these types of problems. It has concentrated instead on providing the most flexible plan possible (in terms of provisions) within the confines of a traditionally scheduled working environment.

Although action in these areas might encourage even higher participation rates than the EOP currently enjoys, these factors apparently are not the deciding factors in plan use, at least for a large proportion of employees.

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## EXAMPLES OF EMPLOYEES' SELF-DEVELOPMENT PLANS*

1. Stay abreast of current developments in data processing management by attending an appropriate seminar. I expect this to update my knowledge in application systems as well as operations, software, data administration, etc. Take voice lessons (singing). I am a member and officer of a local barbershop chorus.

2. I plan to take educational courses that are directly related to the following areas:

    1. Immediate job responsibilities
    2. Future job responsibilities
    3. Personal growth

    Examples of courses that fulfill my educational objectives are:

    1. "Drucker on Management", an audio/cassette course offered by AMA COM. (American Management Association)

    2. "Computer Performance Evaluation: People, Hardware, User Satisfaction". This is a 3-day seminar sponsored by AMA.

    3. "Memory Made Easy", an audio/cassette course offered by AMA COM.

    4. "Finance and Accounting for Non-financial Managers" an audio/cassette course offered by AMA COM.

3. Increase professional competence as an accountant and broaden management capabilities through participation in MBA program at Univ. of Wisconsin/Oshkosh, and thru home reading program of subject matter related to my job function. MBA program began with classes in Fall, 1975. Home reading will be built around personal library of professional publications and reference sources in accounting management, communications, economics and reporting.

4. Keep updated with new trends and procedures in the airline reservations industry as to fares, ticketing, billing, etc. Visit Travelpower and also attend a seminar pertaining to new fares construction, ticketing, etc., concerning air travel. Keep updated with new trends in the household moving industry. Continue to meet with household moving company personnel and attend a seminar pertaining to household moving. Keep updated with new trends and procedures pertaining to Immigration and Naturalization legislation. Attend seminar relative to immigration and naturalization.

* These examples are taken verbatim from employee self-development plans. Each numbered item is a complete self-development plan for the year as submitted by a Kimberly-Clark employee.

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